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Supreme Court of the United States

OCTOBER TERM, 1974

No. 74-207

AKRON PRESSFORM MOLD COMPANY,
Petitioner,

vs.

McNEIL CORPORATION, *et al.*,
Respondents.

PETITION FOR WRIT OF CERTIORARI
To the United States Court of Appeals
For the Sixth Circuit

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Supreme Court of the United States

OCTOBER TERM, 1974

No. ----------.

AKRON PRESFORM MOLD COMPANY,
Petitioner,

vs.

McNEIL CORPORATION and Sun Corporation;
THE B. F. GOODRICH COMPANY and
Sun Corporation; and
THE B. F. GOODRICH COMPANY,
McNeil Corporation, and Sun Corporation,
Respondents.

PETITION FOR WRIT OF CERTIORARI
To the United States Court of Appeals
For the Sixth Circuit

Akron Presform Mold Company prays that a writ of certiorari issue to review the combined decision of the United States Court of Appeals for the Sixth Circuit entered in all three cases on April 11, 1974.

OPINIONS BELOW

The opinion of the United States Court of Appeals for the Sixth Circuit (Appendix, pp. A6-A17) is reported at 496 F.2d 230. There are no published reports of the thereby affirmed opinions of the United States District Court for the Northern District of Ohio, Eastern Division (Appendix pp. A18-A29 for the master opinion in Civil Action C 68-488; pp. A30-A34 for the opinion in Civil Action C 68-487 (as abbreviated and accepted by the

Court of Appeals below by reference to verbatim passages stating "Principles of Law" appearing in the opinion in C 68-488); pp. A35-40 for the opinion in Civil Action C 68-489 (as likewise abbreviated and accepted by the Court below by reference to verbatim passages stating "Principles of Law" appearing in the opinion in C 68-488)).

JURISDICTION

The judgments of the Court of Appeals [Appendix, pp. A2-A3 for Appeal No. 73-1555 (C 68-487 in the District Court), pp. A3-A4 for Appeal No. 73-1556 (C 68-488 in the District Court), and pp. A4-A5 for Appeal No. 73-1557 (C 68-489 in the District Court)] were all entered April 11, 1974. An order denying rehearing as to all appeals was entered June 4, 1974 (Appendix p. A1); the petition therefor was timely filed.

This Court's jurisdiction is invoked under 28 U.S.C. 1254(1).

QUESTIONS PRESENTED

1. Where conspirators work active frauds on the Courts to secure and maintain an adjudication of contributory infringement of a patent in order to monopolize the substantial relevant markets to which the patent pertains and thereafter further conspire to reinforce that objective, does the thereby falsely adjudicated contributory infringer, enjoined for the balance of the life of the patent, have a cause of action for violation of the anti-trust laws of the United States?

   (a) and, if so, does not the cause of action of the fraudulently adjudicated contributory infringer continue to accrue until the injunction expires upon expiration of the patent?

2. Where the defense of the statute of limitations is asserted in a motion to dismiss brought by a defendant in a private Federal anti-trust suit, is the burden of proof on the moving defendant to prove that the statutory time (four years) has elapsed after the cause of action accrued or is the burden of the plaintiff to prove he brought the action in sufficient time after it accrued?

3. What standard of diligence, if any, obligates an accused contributory infringer to discover a pending U.S. patent application filed and then abandoned by his accuser if his accuser does not disclose voluntarily the existence of such patent application that would absolve the accused contributory infringer?

4. Where a motion to dismiss, on the ground that a statute of limitations has run, has been filed, may Courts extrapolate from undenied pleadings and resolve inferences in favor of the movant?

5. Is a private claimant for damages under the Federal anti-trust laws collaterally estopped from asserting damages to himself arising from acts which were held in other litigation brought by an unrelated claimant to be insufficient support for the claims of such unrelated claimant?

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

Constitution of the United States:

Article 1, Section 8.

The Congress shall have Power . . .

To regulate commerce with foreign nations and among the several States, and with the Indian tribes; . . . .

To promote the progress of science and useful arts by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries; . . . .

Statutes:

Title 15, U.S.C. § 15. Suits by persons injured; amount of recovery.

Any person who shall be injured in his business or property by reason of anything forbidden in the antitrust laws may sue therefor in any district court of the United States in the district in which the defendant resides or is found or has an agent, without respect to the amount in controversy, and shall recover threefold the damages by him sustained, and the cost of suit, including a reasonable attorney's fee.

Title 15, U.S.C. § 15b. Limitation of actions.

Any action to enforce any cause of action under sections 15 or 15a of this title shall be forever barred unless commenced within four years after the cause of action accrued. No cause of action barred under existing law on the effective date of this section and sections 15a and 16 of this title shall be revived by said sections.

Title 35, U.S.C. § 122. Confidential status of applications.

Applications for patents shall be kept in confidence by the Patent Office and no information concerning the same given without authority of the applicant or owner unless necessary to carry out the provisions of any Act of Congress or in such special circumstances as may be determined by the Commissioner.

Title 35, U.S.C. § 271. Infringement of patent.

* * * * *

(c) Whoever sells a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.

STATEMENT

Background:

Petitioner, Akron Presform Mold Co. is an existing corporation of Ohio; it was a substantial manufacturer of metal molds for rubber and rubbery plastic articles ranging from toys to industrial parts. In the normal course of its post-World War II business, Presform developed machines, adapted for Presform's molds, for rotationally casting hollow articles of thermoplastic materials which were then replacing rubber. In 1954 Presform and a machinery customer, National Latex Products Co., were successfully sued in the Northern District of Ohio by Sun Rubber Co.; Sun charged both with infringement of (a) a Sun patent for rotational casting machines and (b) Sun's Molitor Patent No. 2,629,134 (issued February 24, 1953); the latter related to a process of forming hollow articles of a particular plastic, plasticized polyvinylchloride, by rotationally casting the components (resin, plasticizers, etc.) to solidify it from liquid forms commonly known as "plastisols".

On appeal in the Sixth Circuit, the Ohio District Court's 1958 holding of infringement of Sun's machinery

patent was reversed; the infringement of the Molitor process patent was sustained, National being held to be a direct infringer and Presform a contributory infringer. *National Latex Products Co., et al. v. Sun Rubber Co.*, 274 F.2d 224 (1959), *rehearing denied*, 276 F.2d 167 (1960), *cert. den.* 362 U.S. 989 (1960)—hereafter all referred to as *National* or *National Latex*. Injunctions pursuant to mandate were issued by the Ohio District Court in June, 1960.

Prior to the *National* suit, Sun licensed The B. F. Goodrich Co. under its two patents upon which the *National* suit was brought. Goodrich was a supplier of components for the plastisols and during the *National* trial (but not on appeal), Presform challenged the weight to be accorded the Goodrich license.

During the *National* appeal, Sun was thrown into Chapter XI bankruptcy; discharge from bankruptcy and control of Sun through stock acquisition, interlocking directors, and major officers was obtained by McNeil Machine & Engineering Co. McNeil was a manufacturer of rubber machinery; after acquisition of control of Sun, McNeil entered the field of rotational casting machinery for plastics, in which Presform had been an established source.

In November, 1960, The Barr Rubber Products Co. brought suit in the Southern District of New York seeking declaratory judgment of invalidity and non-infringement of Sun's Molitor process patent and also sought anti-trust damages. The defendants were Sun and Wonder Products Co., a later Sun licensee; Wonder was later effectively dropped from the suit. *Barr v. Sun* was tried in December 1966—January 1967. In October, 1967, the Molitor patent was found invalid on prior uses, art, and other evidence not presented in *National Latex*. No weight was accorded *National Latex* because of documentary material regarding

the dealings of Sun, McNeil, and Goodrich uncovered by Barr and the trial Court's conviction upon such evidence and the conduct of Sun's witnesses that the *National Latex* decision was tainted with fraud and perjury perpetrated by Sun. Barr's anti-trust claims were denied. This decision and its supplements were published in 1968 at 277 F. Supp. 484 and 156 U.S.P.Q. 392 (Frankel, J.). Sun appealed and Barr cross-appealed.

In 1970, the Court of Appeals for the Second Circuit disputed some specific findings of its trial judge on the question of fraud and perjury, was dissatisfied with what it regarded as insufficient notice to Sun that Barr might raise such questions at trial and an insufficiently recited general standard of proof for all such findings, sustained dismissal of Barr's anti-trust claims, and remanded for retrial on the question of validity in light of its conclusions on the perjurious conduct of Sun's officers and employees, *Barr Rubber Products Co. v. Sun Rubber Co.*, 425 F.2d 1114 (1970), *cert. den.* 400 U.S. 878 (1970).

Proceedings below:

In 1968, after learning of the New York District Court decisions in *Barr v. Sun*, Presform retained Barr's attorney[1] and brought the following anti-trust actions in the Northern District of Ohio on the basis of evidence first developed in *Barr v. Sun:*

C68-487. *Presform v. McNeil and Sun.* This charges the defendants with conspiring (i) to enforce the injunction obtained fraudulently in *National*, particularly in withholding a pending patent application absolving Presform of contributory infringement and (ii) unlawfully tying sales of McNeil's machinery to acceptance of a license under Sun's Molitor process patent.

[1] With Barr's limited consent excluding conflicting interests of Presform and Barr in other and prior respects.

C68-488. *Presform v. Goodrich and Sun.* These defendants are charged with an unlawful basic agreement perjuriously withheld in the *National* suit whereby the Sun license to Goodrich was tied, among other matters, to suppression of evidence of prior development of the process claimed in the Molitor patent at Goodrich's subsidiary, American Anode Co., and Sun's obligation to buy annual requirements for plastisol components from Goodrich.

C68-489. *Presform v. Goodrich, McNeil, and Sun.* These defendants are charged with conspiring, after Presform was enjoined, to terrorize the doll industry so as to promote Sun's royalty income, Goodrich's sales of plastics, and McNeil's machinery. With the consequent deprivation of a major market for Presform's molds and machines, Presform had to close its doors as an active business.

Injunctive relief as well as treble damages were sought in all three as yet still unanswered complaints invoking the Ohio District Court's Federal jurisdiction under 15 U.S.C. 15.

First by leave of the Ohio District Court and later by order of the Court of Appeals below (October 15, 1968), the answers or other pleas by the defendants were stayed pending the outcome of the *Barr v. Sun* appeal. On February 3, 1971, the appellate court, noting denial of certiorari in *Barr v. Sun,* on notice to all respondents below, vacated its stay, *sua sponte.* Upon failure of any to file a timely answer, Presform moved for and was granted default judgments, later vacated with leave to defendants to plead. On July 15, 1971, all defendants moved for dismissal on the ground that these 1968 suits had been barred *ab initio* by the statute of limitations, 15 U.S.C. 15(b); alternative grounds of *res judicata* or collateral estoppel were also asserted. The District Court disagreed with Presform's contention that the defendants' affidavit material in support of their motions either supported Pres-

form's complaints or was insufficient under interpretations of the statute by this Court; summary dismissal of all three suits was ordered March 23, 1973.

Timely appeals were taken to the Court below under 28 U.S.C. 1291 and were there combined; as stated above under "Jurisdiction", the dismissals by the District Court were affirmed in a single decision and a timely petition for rehearing was denied.

REASONS FOR GRANTING THE WRIT

1. The Decision below Is Squarely in Conflict with and Would Subvert This Court's Landmark Decision, Walker; Elucidation and Amplification of Walker are Required, Especially as to When a Cause of Action Brought under It Has Accrued.

Prior to *Walker Process Equipment Co. v. Food Machinery & Chem. Corp.*, 382 U.S. 172, when an adjudicated patent infringer later discovered that fraud or other misleading inequitable conduct has been resorted to in procuring the patent he had been found to infringe, his only recourse was to move to reopen the mandate so as to vacate the decision against him, as in *Hazel Atlas Glass Co. v. Hartford Empire Co.*, 322 U.S. 238 (1944).

Perhaps this Court sensed the "collegiality" among the lower courts and, despite admonitions of this Court to the contrary, a reluctance among some of them to take the lid off presumably closed cases and expose[2] their having

[2] Note first the stall in 1968 and ultimate short-shrift in 1971, all without hearing, which Presform and its co-appellant National received in the Court below in their appeals Nos. 13,568-69, decided in 1959-60 as *National Latex, supra*, on the basis of the specific tainting of that decision in the 1967-68 decisions of the New York District Court in *Barr v. Sun* (App. A41-A45); also the intermediate reaction of the Court of Appeals for the Second Circuit in its *Barr v. Sun* decision wherein the seeking of the redress of recall of mandate as authorized by *Hazel Atlas* was characterized as "untoward consequences" (App. A47, n. 10) of such taints confessed to its District Court; see, e.g., App. pp. A52-A53.

been taken in (irrespective and apart from the party injured) by perjurious testimony, altered documents, and withheld documents. In any event under the principles and aegis of *Precision Instrument Mfg. Co. v. Automotive Maintenance Machinery Co.*, 324 U.S. 806, 816 (1945) holding:

> "A patent by its very nature is affected with a public interest . . . in seeing that patent monopolies spring from backgrounds free of fraud or other inequitable conduct and that such monopolies are kept within their legitimate bounds."

Walker appeared to add teeth to the often futile recourse of a victim of a patent obtained by subsequently discovered active fraud in procuring relief. That is, *Walker* would appear to arm an infringer of such an actively fraudulently procured patent effecting a substantial monopolization of a substantial relevant market with a cause of action for anti-trust damages; indeed, a claim for *per se* violation under 15 U.S.C. 2. And certainly this Court made it clear in *Walker*, in footnote 5, at 382 U.S. 177, that such relief thereby provided to the victims was not limited to the procuring of such patents for an illegitimate monopoly, but to the maintenance of them as well.

But the Court below either flatly disagrees with the foregoing understanding of *Walker* (see n. 4, Appendix A-13), limits it by the sentence to which that footnote refers, or implies that *Walker* may not apply to conspiracies to maintain such a patent maintained by active fraud, i.e.:

> "*Walker* says nothing about conspiracy claims, which are alleged in each of Presform's three actions, and, thus, plainly does not excuse Presform's delay in bringing its conspiracy charges. Further, the *Zenith* rule tolls the statute of limitations where *damages* are speculative, not where the very existence of the *cause of action* is speculative." (Court of Appeals decision, Appendix, p. A13, emphasis quoted).

(a) The foregoing concept that *Walker* does not reach to conspiracies to maintain a patent fraudulently so as to monopolize a relevant market appears untenable and how damages would be other than speculative if the cause of action therefor is speculative escapes comprehension or at least is so confusing as to require clarification.

But the distinction the Court below would draw between *Walker* and the *Zenith* rule[3] still leaves unsolved a question begged by the respondents' attacks on the suits brought by Presform, a question avoided by the Courts below or which eluded them. Thus:

A major prop, if not the very foundation, of the conspiracies that eventually closed Presform's doors as an active competitor of the dominant McNeil-Goodrich-Sun clique was the 1960 injunction McNeil, as Sun's mentor, secured in the *National* litigation prohibiting Presform from selling its machines and molds for rotationally casting vinyl plastisols; under the *National* decision secured with Goodrich's connivance such acts would constitute "contributory infringement" of Sun's Molitor patent. But there has been no denial that the parties securing and taking advantage of this injunction themselves knew, as shown on the face of a U. S. patent application owned and then allowed to become abandoned by Sun, that Presform's machines capable of contributorily infringing Sun's Molitor patent were also "suitable for a substantial non-infringing use"—rotationally casting other thermoplastics. Nor has it ever been denied that a confession of this knowledge while or after seeking the injunction against Presform would, under 35 U.S.C. 271(c), then and there have absolved Presform of the charge of contributory infringement.

Quaere: Under the *Zenith* rule providing that the limitations under 15 U.S.C. 15(b) do not commence to run

[3] The statute of limitations on anti-trust claims commences to run after the last act causing damage. *Zenith Radio Corp. v. Hazeltine Research, Inc.*, 401 U.S. 321, 338 (1971).

until the end of the last harmful act and damages have become certain, when did the act of enjoining Presform as a contributory infringer under an unlawfully and inequitably obtained injunction end?

It is respectfully submitted that, as an injunction running until expiration of the Molitor process patent in February, 1970, it was a continuing act; therefore, the 1968 suits below were filed before the statute of limitations under 15 U.S.C. 15(b) began to run. But it is also submitted that the decisions below provide no answer to this query and, as a matter of substantial public interest under *Walker* and its intended effect, elucidation of *Walker* in light of *Zenith* is necessary.

2. The Court Below Would Carve Out a Major and Serious Exception to a Decision of This Court and Other Circuit Courts, Including a Leading Decision of Its Own on Burdens of Proof in Motions for Summary Dismissals.

In its decision the Court below states, "Presform admitted to the trial court that all acts *commencing* the alleged conspiracies *began* more than four years before the filing of the complaints in these actions, but contended that its anti-trust actions were not barred because its claims fell within the *Zenith* and [Federal] fraudulent concealment *exceptions* to the statute of limitations." (Appendix, A12, emphasis supplied.)

Unfortunately, as the record will show and the decision (Appendix, p. A13) later acknowledges, this premise is not precisely correct as to fact nor, it is submitted here, can it be correct as to law.

What Presform admitted, as a fact, was that not until the 1968 publication of the New York District Court deci-

sions in *Barr v. Sun* revealing (i) the existence of the Goodrich-Sun conspiracy which had commenced during the 1954-1960 *National Latex* litigation in which Presform was involved but which had been falsely testified to on behalf of Sun as never having existed, (ii) the McNeil-Sun conspiracy which had commenced while that prior litigation was in the appellate court, and (iii) the Goodrich-McNeil-Sun conspiracy (which commenced after Presform was enjoined) did Presform learn of them (or could it have).

As a matter of law, for which the decision below calls for clarification, certainly the *Zenith* rule makes it clear that mere "commencement" of a conspiracy does not commence the running of the statute of limitation, nor does the running commence under the Federal concealment rule[4]. Therefore, it is error to regard these rules as "exceptions" to a statute of limitations based [as is 15 U.S.C. 15(b)] on time elapsed after a cause of action has "accrued" [past tense].

But from the foregoing premise an even more dangerous and erroneous conclusion is reached, namely, "The burden thus shifted to Presform to prove that the operation of the statute could be avoided by either exception" (Appendix, p. A12).

The above conclusion violates not merely the standard concept that the burden remains on a movant but also violates its extension, in cases where summary dismissal is sought, that pleadings are to be liberally construed in favor of the party opposing the motion and the court is required to take the view most favorable to the party opposing the motion, giving that party the benefit of all favorable inferences. See *Poller v. Columbia Broadcasting System*, 368 U.S. 464, 468 and 473 (1962); *McHenry v. Ford Motor Co.*, 269 F.2d 18, 22 (6th Cir.

[4] *Bailey v. Glover*, 21 Wall. 242 (1875); MOORE ON FEDERAL PRACTICE, Vol. 2, pp. 762-3, and cited authorities in n.39-40.

1959)—cited in *Poller;* and *Ransburg Electro-Coating Corp. v. Lansdale Finishers, Inc.,* 484 F.2d 1037 (3rd Cir. 1973), wherein the Third Circuit, following and citing *Poller,* points out that this means that the critical facts to be established must

> ". . . be proved affirmatively by the party invoking the conclusive force of the judgment." (CA3 at 484 F.2d 1038).

No current authority has been found which carves out, as has the Court below, an exception in favor of the party moving for summary dismissal under 15 U.S.C. 15(b) and shifts to the party opposing the motion the burden of proving the negative of the claimed defense.

3. The Court below Erred in Holding a Plaintiff Barred by the Statute of Limitation for Failing to Locate Statutorily Privileged Documents.

As pointed out above, one document which shows that Presform had been defrauded and wronged by the adjudication of contributory infringement upon which all the alleged conspiracies were bottomed is a Sun U.S. patent application pending during the *National Latex* litigation (and later abandoned). This document is critical because it showed that Sun and its alleged co-conspirators knew that their claim that machinery and molds of the kind made by Presform were suitable for substantial non-infringing uses. Thus, under 35 U.S.C. 271(c) the successful charges that Presform machines (which did not infringe Sun's issued machinery patent) nonetheless contributorily infringed Sun's Molitor process patent are now demonstrably false charges. It has never been denied that the existence of this pending application first came to light in the *Barr v. Sun* litigation, which, however material the

document was to Presform, was so incidental in *Barr v. Sun*, that it was never mentioned in those decisions.

The Court below, sustaining its district court, dismisses this cover-up with respect to Presform in the *National Latex* litigation, as ". . . . mere ignorance on the part of Presform of its rights", and, consequently, insufficient to overcome the limitation defense (Appendix A14). That Presform (and the Courts in *National Latex*) could have been and were misled by the vigor of the charges of contributory infringement against Presform from even suspecting that Sun would have a statutorily confidential document under 35 U.S.C. 122 has been ignored by the Courts below.

It is submitted that the evils which can be perpetrated under 35 U.S.C. 122, as exemplified here, require review and a clarification of the Federal concealment rule so as to exempt such abuse of statutory confidentiality as a judicially-sanctioned cover-up.

4. Poller Should be Amplified to Recite a Necessary Corollary.

These decisions below contain several examples of judicial speculation as to facts not in the record before them and resolutions of inferences from such extrapolations in favor of the movant.

The District Court below, in all three cases before it, noted that Presform, despite its prayer for injunctive relief as well as damages, had not alleged or proved precisely when it had closed its doors as a going business. Thus,—and never mind that such injunctive relief and award of damages should revive Presform as a competitive factor in the industry and none of the respondents in their motion affidavits had averred when Presform closed its doors—the Court speculated that Presform may have ceased business

before July 3, 1964. In the course of arguing the insufficiency and contradiction of facts in the affidavits filed in support of respondents' motions, Presform's attorney's assertion that discovery would prove that such cessation of Presform's active business occurred in 1965 was rejected as not in proper affidavit form (Appendix, pp. A29, A33-A34; A40).

The Court of Appeals below also extrapolated by bluntly asserting, "Evidence has faded and witnesses *may* have disappeared" (Appendix, p. A14, emphasis supplied). This speculation is oblivious of the facts that (i) the Court's own stays of the proceedings below would be a major contributory factor to the disappearance of some (but not all) witnesses and (ii) the complaints below are based on the inerasible records in *National Latex* and *Barr v. Sun* and such documentary evidence would retain its pristine freshness.

A necessary corollary of *Poller* and the concurring appellate decisions preceding and following it is that, in addition to the courts being required to resolve all inferences against a movant for summary judgment from the pleadings and evidence before it, the inferences must be drawn from that material and the Courts should not speculate as to facts not found therein. But the appellate decision below demonstrates the need for review and an affirmative express declaration of such a corollary.

5. The Appellate Decision below Requires Appropriate Restatement of the Doctrine of Collateral Estoppel.

The District Court below summarily dismissed Presform's complaints as barred by 15 U.S.C. 15(b), but displayed uncertainty as to how to dispose of the defenses of res adjudicata or collateral estoppel also pleaded by respondents (Appendix, pp. A24-A25; A31; A36-A37). The

appellate Court below, even before Presform's present cases reached it under 28 U.S.C. 1291 or 1292 or any respondent had moved to assert such alternate defenses in the District Court, had forewarned, it is now apparent, that it intended to strike down Presform's 1968 anti-trust claims as either *res judicata* under *National Latex* or, if possible, collateral estoppel under the cross-appeals pending in the Second Circuit in *Barr v. Sun* (see Appendix, pp. A41-A45).

In addition to Presform's discovery in 1968 that the record in *Barr v. Sun* showed the concealment in *National Latex* of a Sun patent application which absolved Presform from the charge and finding of contributory infringement of Sun's Molitor process patent, it is true that a motivation of the Presform suits below were the findings by the New York District Court that there had been numerous instances of fraud and perjury misleading the Courts in *National Latex*[5].

But the holding of the Court below,

> "Presform claims that it did not sleep on its rights in that it was merely abiding by this Court's decision in *National Latex Products, supra*, and that it was not until the alleged irregularities of the appellees came to light in the Southern District of New York that it knew of the existence of its cause[s] of action. Presform is unable to succeed in maintaining this contention because the Second Circuit subsequently reversed [after Presform's commencement of the actions below] the District Court's finding of fraud and perjury" (Appendix, p. A13).

is a clear *non-sequitur* of fact. If one refers to the perti-

[5] See, as one example at Appendix, pp. A52-A53, the New York trial judge's citation to the ultimate confession of Sun's president during that trial. That is, a purportedly 1948 document having marginal notes which were relied on and quoted in *National Latex* as key evidence in favor of Sun were, in fact, notes later altering such documents and added by or for Sun in preparation for the *National Latex* trial in 1956.

nent passage of the actual Second Circuit decision, that Court states it was dissatisfied with its District Court's ". . . failure to define the quantum of proof required to sustain a charge of perjury in a civil, non-criminal case of this kind." (Appendix, pp. A46-A47). Rather, the Second Circuit's decision does not advert to the documentary evidence which Barr, in its suit, obtained from Sun and upon which the complaints below are based. Nor does it follow that the trial court in the cases below, especially with the warning of the appellate decision in *Barr v. Sun*, would commit the same error for which the Second Circuit criticized its District Court.

It is also true that, for Barr's failure, among others, to show any damage to it, the District Court in *Barr v. Sun* also dismissed Barr's claim for anti-trust damages. But it also does not follow that an insufficiency in law or fact of an anti-trust damage to Barr, a manufacturer of plastic products, constitutes an *in rem* adjudication of no anti-trust damages to Presform, a manufacturer of machinery, once a competitor of McNeil, for making such products.

Under the caption of "Collateral Estoppel" (Appendix, pp. A15-A16), the Court below notes that, in the trial court in *National Latex*, Presform asserted (and failed to prove),

> "Plaintiff's [Sun's] license agreement with B. F. Goodrich Company is alleged to be a subterfuge to aid Goodrich in selling its resins [vinyl plastic components] to licensees, rather than a bona fide license agreement."

and concluded,

> "Since the unlawful aspects of the license agreement between Sun and Goodrich have been litigated previously, we, therefore, hold that the District Court correctly entered judgment in Civil Action C68-488 (Appeal No. 73-1556) in the alternative in favor of

> Sun on the basis that Presform's action was barred by collateral estoppel."

But, both the appellate and trial Courts below overlooked or brushed aside, as the record will show, that the affidavit exhibits submitted below by Sun contained the very portion of the trial transcript in *National Latex* in which Sun's president swore that the license agreement between Sun and Goodrich involved nothing more than such agreement [in two documents] and Goodrich's advance royalty payments under it.

And Presform's complaint below alleges—not that the Sun-Goodrich license was merely an accommodation to aid Goodrich in selling resins to Sun's licensees—as Presform had suspected prior to trial in *National* but failed to prove in the face of Sun's president's trial testimony—but far more. That is, such licenses were merely one facet of an underlying Goodrich-Sun agreement, other facets of which also provided (i) that Goodrich would maintain in "Technical Confidence" the work at its subsidiary, American Anode, which anticipated Sun's Molitor patent and (ii) Sun would buy from Goodrich all its plastic resins—later reduced by a self-renewing contract to purchase from Goodrich of 75% of Sun's annual requirements for resins and other components (plasticizers) of its vinyl plastics.

Unless one were to assume (incorrectly) that the New York trial judge in *Barr v. Sun* were making up out of whole cloth his findings and quotations regarding the invalidation of Sun's Molitor process patent by the prior work at American Anode (Appendix, pp. A48-A49) and his findings regarding the agreement, concurrent with Sun's patent license to Goodrich, that Sun would purchase 75% of its annual requirements of plastic components from Goodrich (Appendix, pp. A50, ¶ 3; A51, ¶

[14]A.), it is submitted that the doctrine of "Collateral Estoppel" as applied by the courts below amount to nothing more than judicial sanction of telling less than the whole truth on the witness stand and suppression of relevant evidence in *National Latex*—as well as an effort to prevent the whole truth and evidence from coming out in the cases below.

It is further submitted that review and reversal of the decision below is required to establish that the doctrine of "Collateral Estoppel" is not to be used as a device for obstructing civil justice by continued suppression of actively fraudulent evidence upon which a prior adjudication turned.

CONCLUSION

The decision below is in conflict with decisions of this Court and other courts of appeal. It misapplies decisions of this Court in important areas of anti-trust law and the limitation of actions thereunder. It strikes down requisite procedure and standards for burdens of proof. It would subvert the doctrine of collateral estoppel.

This petition for certiorari should be granted.

Respectfully submitted,

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2404 Terminal Tower
Cleveland, Ohio 44113
Attorney for Petitioner

MICHAEL RODAK, JR., CLERK

Supreme Court of the United States

October Term, 1974

No. 74-2071

AKRON PRESFORM MOLD COMPANY,
Petitioner,

vs.

McNEIL CORPORATION, *et al.*,
Respondents.

APPENDIX TO PETITION FOR WRIT OF CERTIORARI
To the United States Court of Appeals
For the Sixth Circuit

ALBERT L. ELY, JR.
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Attorney for Petitioner

August 28, 1974

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APPENDIX

ORDER OF THE COURT OF APPEALS DENYING PETITION FOR REHEARING

(Filed June 4, 1974)

Nos. 73-1555-57

UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

THE AKRON PRESFORM MOLD CO.,
Plaintiff-Appellant,

v.

McNEIL CORPORATION *et al.*,
Defendants-Appellees,

v.

THE B. F. GOODRICH CO. *et al.*,
Defendants-Appellees,

v.

THE B. F. GOODRICH CO. *et al.*,
Defendants-Appellees.

ORDER

Before: PHILLIPS, *Chief Judge*, MILLER, *Circuit Judge*, and McALLISTER, *Senior Circuit Judge.*

The petition for rehearing filed by the appellant has been considered by the court and found to be without merit.

Accordingly, it is ORDERED that the petition for rehearing be and hereby is denied.

Entered by order of the court.

/s/ JOHN P. HEHMAN
Clerk

JUDGMENT ENTRY OF THE COURT OF APPEALS IN NO. 73-1555

(Filed April 11, 1974)

No. 73-1555

UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

THE AKRON PRESFORM MOLD COMPANY,
Plaintiff-Appellant,

vs.

McNEIL CORPORATION, and
SUN CORPORATION,
Defendants-Appellees.

Before: PHILLIPS, *Chief Judge*, MILLER, *Circuit Judge*, and McALLISTER, *Senior Circuit Judge.*

JUDGMENT

APPEAL from the United States District Court for the Northern District of Ohio.

THIS CAUSE came on to be heard on the record from the United States District Court for the Northern District of Ohio and was Submitted on briefs without oral argument.

ON CONSIDERATION WHEREOF, It is now here ordered and adjudged by this Court that the judgment of the said District Court in this cause be and the same is hereby affirmed.

It is further ordered that Defendants-Appellees recover from Plaintiff-Appellant, the costs on appeal, as

itemized below, and that execution therefor issue out of said District Court.

Entered by Order of the Court

/s/ JOHN P. HEHMAN
Clerk

JUDGMENT ENTRY OF THE COURT OF APPEALS IN NO. 73-1556

(Filed April 11, 1974)

No. 73-1556

UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

THE AKRON PRESFORM MOLD CO.,
Plaintiff-Appellant,

vs.

THE B. F. GOODRICH COMPANY, and
SUN CORPORATION,
Defendants-Appellees.

Before: PHILLIPS, *Chief Judge*, MILLER, *Circuit Judge*, and MCALLISTER, *Senior Circuit Judge*.

JUDGMENT

APPEAL from the United States District Court for the Northern District of Ohio.

THIS CAUSE came on to be heard on the record from the United States District Court for the Northern District of Ohio and was submitted on briefs without oral argument.

ON CONSIDERATION WHEREOF, It is now here ordered and adjudged by this Court that the judgment of the said District Court in this cause be and the same is hereby affirmed.

It is further ordered that Defendants-Appellees recover from Plaintiff-Appellant, the costs on appeal, as itemized below, and that execution therefor issue out of said District Court.

Entered by Order of the Court

/s/ JOHN P. HEHMAN
Clerk

JUDGMENT ENTRY OF THE COURT OF APPEALS IN NO. 73-1557

(Filed April 11, 1974)

No. 73-1557

UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

THE AKRON PRESFORM MOLD COMPANY,
Plaintiff-Appellant,

vs.

THE B. F. GOODRICH COMPANY,
McNEIL CORPORATION, and
SUN CORPORATION,
Defendants-Appellees.

Before: PHILLIPS, *Chief Judge,* MILLER, *Circuit Judge,* and MCALLISTER, *Senior Circuit Judge.*

JUDGMENT

APPEAL from the United States District Court for the Northern District of Ohio.

THIS CAUSE came on to be heard on the record from the United States District Court for the Northern District of Ohio and was submitted on briefs without oral argument.

ON CONSIDERATION WHEREOF, It is now here ordered and adjudged by this Court that the judgment of the said District Court in this cause be and the same is hereby affirmed.

It is further ordered that Plaintiff-Appellee recover from Defendant-Appellant, the costs on appeal, as itemized below, and that execution therefor issue out of said District Court.

Entered by Order of the Court

/s/ JOHN P. HEHMAN
Clerk

OPINION OF THE COURT OF APPEALS

(Filed April 11, 1974)

Nos. 73-1555-57

UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

THE AKRON PRESFORM MOLD COMPANY,
Plaintiff-Appellant,

v.

McNEIL CORPORATION and SUN CORPORATION,
Defendants-Appellees.

THE AKRON PRESFORM MOLD COMPANY,
Plaintiff-Appellant,

v.

THE B. F. GOODRICH COMPANY and
SUN CORPORATION,
Defendants-Appellees.

THE AKRON PRESFORM MOLD COMPANY,
Plaintiff-Appellant,

v.

THE B. F. GOODRICH COMPANY,
McNEIL CORPORATION and
SUN CORPORATION,
Defendants-Appellees.

Appeal from United States District Court for the Northern District of Ohio.

Before PHILLIPS, *Chief Judge*, MILLER, *Circuit Judge*, and MCALLISTER, *Senior Circuit Judge*.

PHILLIPS, Chief Judge. The Akron Presform Mold Company (Presform) appeals from orders of District Judge Thomas D. Lambros granting summary judgment against it in its three actions for damages and injunctive relief under the antitrust laws. We affirm.

Presform, formerly a manufacturer of rotational casting machinery, filed complaints on July 3, 1968, alleging three different and unlawful conspiracies in restraint of trade and monopolization of the relevant market for rotationally casting plastics. Before presenting the factual allegations in each action, it is necessary to detail certain historical background in this extended controversy among the litigants.

Historical Background

This court in *National Latex Products Co. v. Sun Rubber Co.*, 274 F.2d 224 (1959), rehearing denied 274 F.2d 224 (1960), motion to reconsider in banc and second petition for rehearing denied, 276 F.2d 167 (1960), *cert denied*, 362 U.S. 989 (1960),[1] held, *inter alia*, that Presform had not infringed the Martin machine patent, U.S. Patent No. 2,629,131, owned by Sun Rubber Co. (Sun).[2]

This court further held that Presform had contributorily infringed Sun's Molitor process patent, U.S. Patent No. 2,629,134, for rotationally casting vinyl plastisols. 274

1. In *National Latex Products*, this court actually disposed of two actions, *National Latex Products Co. v. Sun Rubber Co.* and *Akron Presform Mold Co. v. Sun Rubber Co.*, which had been consolidated for trial at the District Court by consent of the parties. 159 F.Supp. 661 (N.D. Ohio 1958).

2. Sun Rubber Co. was the predecessor in interest of Sun Corporation, an appellee, in the present actions.

F.2d at 244-45. Thereafter, in 1960, we issued an injunction restraining Presform from "manufacturing and selling machinery intended or adapted to be used in practicing the method as claimed in said Molitor patent." That case was dismissed later as a result of a settlement reached between the parties.

Subsequently, in a separate action, *Barr Rubber Products Co. v. Sun Rubber Co.*, 277 F.Supp. 484 (1967), the Southern District Court of New York held, *inter alia*, that the Molitor patent was invalid. The primary reason stated by the District Court for so holding was that the record in that case, as well as in *National Latex Products* heard by our court, was blighted by Sun's "extensive pattern of fraud," "perjury in significant respects," and "deliberately organized fabrication" with respect to the procurement and maintenance of the Molitor patent. 277 F.Supp at 498-503. The Court of Appeals for the Second Circuit later reversed the findings of the New York District Court relating to "fraud" and "perjury" as clearly erroneous and reversed the holding of invalidity of the Molitor patent. The case was remanded to the District Court for new trial solely on the issue of patentability. *Barr Rubber Products Co. v. Sun Rubber Co.*, 425 F.2d 1114, *cert. denied*, 400 U.S. 878 (1970).

Subsequent to the decision of the United States District Court for the Southern District of New York but prior to the Second Circuit's reversal of the District Court's findings of fraud and perjury in the procurement and maintenance of the Molitor patent, Presform instituted the present actions and filed a motion with this court seeking to reopen our disposition in *National Latex Products, supra*, decided some nine years earlier. Due to the pendency of the appeal in *Barr Rubber Products, supra*, to the Second Circuit, we stayed proceedings on the motion. After the

Second Circuit announced its decision, we denied Presform's motion on the ground of res judicata. Presform's subsequent petition for rehearing on its motion was also denied.

Factual Allegations in the Three Actions

In Civil Action C68-487 (Appeal No. 73-1555), Presform alleged that McNeil Corporation (McNeil), using Sun Corporation (Sun) as its front, unlawfully effected a substantial lessening of competition and tended to create a monopoly in the rotational casting of thermoplastic material market. Presform asserted that McNeil and Sun engaged in three monopolistic activities injurious to Presform: 1) enforcing the injunction fraudulently obtained from our court in 1960 in regard to the Molitor patent, 2) enforcing the injunction while knowing, but not disclosing to our court, that a substantial non-infringing use existed for Presform's machine, and 3) imposing unlawful conditions to the obtaining of a license under the Molitor patent and to the purchase of their rotational casting machinery.

In Civil Action C68-488 (Appeal No. 73-1556), Presform alleged that Sun and B. F. Goodrich (Goodrich) violated the antitrust laws by entering into reciprocal dealing and rebate agreements in 1953 with respect to the licensing of Sun's Molitor and Martin patents. In particular, Presform alleged that Goodrich took a license under these patents knowing that they were of doubtful validity. Under the license agreement, Goodrich agreed to make annual lump sum payments in lieu of royalties. The primary motive for this contract allegedly was the agreement of Sun to purchase its requirements of plastic resins from Goodrich and to promote Goodrich as a source of supply for its licenses. The purported effect of this license agreement was to create a false inference that the Sun patents

had attained general commercial acceptance. It was charged that this erroneous inference, along with other alleged acts of deception, contributed to the erroneous decision of this court in 1959 in affirming the District Court's upholding of the validity of the Molitor patent in *National Latex Products, supra.*

In Civil Action C68-489 (Appeal No. 73-1557), Presform alleged that Sun, McNeil and Goodrich conspired to restrain trade and tend to create a monopoly in the use of rotational casting techniques, materials and equipment. Two separate activities of these purported conspirators are alleged to have injured Presform's business. First, a leading company in the doll industry purportedly was coerced into taking a license in 1961 under the Molitor patent although it believed that the patent was invalid. Second, the appellee corporations allegedly issued a large number of letters to the doll industry in 1961 threatening patent infringement suits under the Molitor patent, and this purportedly lessened the market for Presform's machines and accelerated the destruction of Presform's business.

The appellees, without acknowledging the accuracy of these factual allegations, moved to dismiss the actions on the grounds that they were barred by res judicata or collateral estoppel or by the statute of limitations. The District Court treated the motions as for summary judgment, Rule 12(b), Fed. R. Civ. P., and dismissed all three actions on the ground that they were barred by the applicable statute of limitations. In the alternative in Civil Action C68-488 (Appeal No. 73-1556), the District Court entered judgment in favor of Sun on the basis that Presform's action was barred by collateral estoppel.

Statute of Limitations

Presform's basic contention on appeal in all three actions is that the District Court erred in concluding that the actions were barred by the applicable statute of limitations for antitrust claims, 15 U.S.C. § 15(b). 15 U.S.C. § 15(b), in relevant part, provides: "Any action to enforce any cause of action under sections 15 or 15a of this title shall be forever barred unless commenced within four years after the cause of action accrued."

As the Supreme Court stated in *Order of Railroad Telegraphers v. Railway Express Agency*, 321 U.S. 342, 348-49 (1944), statutory limitation periods are:

> ". . . designed to promote justice by preventing surprises through the revival of claims that have been allowed to slumber until evidence has been lost, memories have faded, and witnesses have disappeared. The theory is that even if one has a just claim it is unjust not to put the adversary on notice to defend within the period of limitation and that the right to be free of stale claims in time comes to prevail over the right to prosecute them."

This statute of limitations commences to run from the commission of the last overt act causing injury or damage. *Zenith Radio Corp. v. Hazeltine Research, Inc.*, 401 U.S. 321, 338 (1971); *Garelick v. Goerlich's, Inc.*, 323 F.2d 854, 855 (6th Cir. 1963). Generally, there are two means by which one can avoid the operation of the statute of limitations. One, the rule enunciated in *Zenith Radio Corp., supra*, 401 U.S. at 338-42, provides that a plaintiff may recover damages occurring within the period of the statute of limitations that are the result of conduct occurring prior to that period, if at the time of the conduct, those damages were speculative, uncertain or otherwise

incapable of proof. Second, in cases in which the plaintiff has refrained from commencing suit during the period of limitation because of inducement by the defendant, *Glus v. Brooklyn Eastern Terminal*, 359 U.S. 231 (1959), or because of fraudulent concealment, *Holmberg v. Armbrecht*, 327 U.S. 392 (1946), the Supreme Court has held the statutory period to have been suspended or tolled by the conduct of the defendant.[3]

Since the above rules are in avoidance of the statute of limitations, the party seeking the benefit of them has the burden of proof to establish them. All presumptions are against him, since his claim to exemption is against the current of the law and is founded on exceptions. See, e.g., *Baker v. F & F Investment*, 420 F.2d 1191, 1199 (7th Cir. 1970); 51 Am. Jur. 2d Limitations of Actions, § 485; 54 C.J.S. Limitations of Actions, § 386b.

Since the complaints in the present action were filed on July 3, 1968, the first question is whether any injurious overt act has occurred since July 3, 1964. Presform admitted to the trial court that all acts commencing the alleged unlawful conspiracies began more than four years before the filing of the complaints in these actions, but contended that its antitrust claims were not barred because its claims fell within the *Zenith* and fraudulent concealment exceptions to the application of the statute of limitations. The burden thus shifted to Presform to prove that the operation of the statute could be avoided by either exception.

In support of its contention that the *Zenith* and fraudulent concealment exceptions apply in the present case,

---

3. *Glus* and *Holmberg* were cited approvingly by the Supreme Court in *American Pipe and Construction Co. v. State of Utah*, ... U.S. ..... (42 U.S.L.W. 4155, 4162 (U.S. Jan. 15, 1974)).

Presform primarily relies on the 1967 decision of the Southern District of New York in *Barr Rubber Products, supra,* which held that Sun was guilty of fraud and perjury in obtaining the Molitor patent. Presform claims that it did not sleep on its rights, in that it was merely abiding by this court's decision in *National Latex Products, supra,* and that it was not until the alleged irregularities of the appellees came to light in the Southern District Court of New York that it knew of the existence of its cause of action. Presform is unable, however, to succeed in maintaining this contention because the Second Circuit subsequently reversed the District Court's findings of fraud and perjury. The fact that the Second Circuit remanded the case for new trial on the issue of patentability does not detract from the Second Circuit's decision reversing the District Court's findings of fraud and perjury.

Further, Presform contends that it was not until the Supreme Court's decision in *Walker Process Equipment, Inc. v. Food Machinery & Chemical Corp.,* 382 U.S. 172 (1965), that its cause of action became definite. In *Walker,* the Supreme Court held that fraud in the procurement and maintenance of a patent may be actionable under the antitrust laws provided all other elements of a monopolization charge are proven.[4] *Walker* says nothing about conspiracy claims, which are alleged in each of Presform's three actions, and thus plainly does not excuse Presform's delay in bringing its conspiracy charges. Further, the *Zenith* rule tolls the statute of limitations where *damages* are speculative, not where the very existence of the *cause of action* is speculative. Finally, the District Court correctly ruled

4. Presform asserts that *Walker,* 382 U.S. at 176-77, holds that fraud in maintaining a patent so as to tend to monopolize a relevant market is a per se violation of the antitrust laws. This contention is erroneous. 382 U.S. at 178.

that there is no evidence in the record tending to prove that Presform suffered any damages incapable of proof within four years after the overt acts complained of. Presform's sleeping on its rights does not therefore fall within the *Zenith* exception to the application of the statute of limitations.

Finally, the District Court, after examining the pleadings, briefs, and exhibits, correctly determined that Presform had not alleged or demonstrated by affidavit or otherwise that it had exercised due diligence in attempting to discover the cause of action. At best, as the District Court stated, there was nothing more than ignorance on the part of Presform of its rights. This alone is insufficient to overcome the limitations defense.[5] Accordingly, Presform cannot avoid the statute of limitations on the ground of the fraudulent concealment rule.

Without reaching the merits of Presform's claims, we hold that the District Court did not err in dismissing Presform's actions as barred by the statute of limitations. Presform allowed its claims to slumber. Evidence has faded and witnesses may have disappeared. Since neither the *Zenith* exception nor the fraudulent concealment exception tolled the statute in this case, it was entirely consistent with the purposes of the statute of limitations for the District Court to determine that the appellees should be free of Presform's stale claims.

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5. See, generally, 2 J. Moore, *Federal Practice* ¶ 3.07[3], at 762-63 (2d ed. 1970), and *Laundry Equipment Sales Corp. v. Borg-Warner Corp.*, 334 F.2d 788, 792 (7th Cir. 1964), and authorities therein cited, for further support for the proposition that the plaintiff has the burden to demonstrate his exercise of due diligence in discovering the fraud and that mere ignorance of one's rights does not toll the statute of limitations.

Collateral Estoppel

The District Court in Civil Action C68-488 (Appeal No. 73-1556) correctly entered judgment in the alternative in favor of Sun on the basis that this action was barred by collateral estoppel. The District Court reasoned that the unlawful aspects of the license agreement between Sun and Goodrich had been litigated between Sun and Presform in the *National Latex Products, supra,* litigation, wherein the District Court held that Sun did not misuse the Martin and Molitor patents. 159 F.Supp. at 664-65. This holding of the District Court was not appealed to this court.

Presform makes numerous allegations of fact, e.g. Sun and Goodrich entered into a self-renewing tying agreement whereby Sun agreed to buy from Goodrich 75 per cent of its annual requirements of resins and certain plastisol components and Goodrich, among other things, agreed to conceal its knowledge of the invalidity of Sun's Molitor process patent, some of which factual allegations may indeed be raised for the first time in this action. All of the factual allegations, however, relate to the issue previously litigated. In the prior adjudication, Presform stated: "Plaintiff's license agreement with B. F. Goodrich Company is alleged to be a subterfuge to aid Goodrich in selling its resin to licensees, rather than a bona-fide license agreement under the patents in suit." In strikingly similar language in the present action, Presform alleged "any designation of the annual flat payments advanced by Goodrich to Sun as 'royalties' is a mere subterfuge for the rebate to Sun on the purchase of Goodrich material by Sun."

Under the doctrine of collateral estoppel, "matters which were actually litigated and determined in the first proceeding cannot later be relitigated." *Commissioner of*

Internal Revenue v. Sunnen, 333 U.S. 591, 598 (1948). Since the unlawful aspects of the license agreement between Sun and Goodrich have been litigated previously, we, therefore, hold that the District Court correctly entered judgment in Civil Action C68-488 (Appeal No. 73-1556) in the alternative in favor of Sun on the basis that Presform's action was barred by collateral estoppel.

Other Issues

Presform further contends that the equitable doctrine of laches requires that the appellees have waived their limitations defense since the defense was first raised more than three years after Presform filed its complaints. We conclude that this contention is totally without merit. The motions to dismiss on the basis of the limitations defense were timely filed and any delay in their filing was occasioned by extensions granted by the District Court and our stay of proceedings pending disposition of Presform's motion to reopen the *National Latex Products, supra*, litigation.

Finally, Presform contends that these actions were inappropriate for disposition on summary judgment, Rule 56, Fed. R. Civ. P. Presform relies on *McHenry v. Ford Motor Co.*, 269 F.2d 18, 22 (1959), wherein this court stated:

> "It is the established rule of the federal courts in construing rule 56 that a summary judgment should be entered only in cases where there is no genuine issue as to any material fact. . . On considering such a motion the pleadings are to be liberally construed in favor of the party opposing the motion. Purity Cheese Co. v. Frank Ryser Co., 7 Cir., 153 F.2d 88; Wittlin v. Giacalone, 81 U.S.App.D.C. 20, 154 F.2d 20. Moreover, the court is required to take the view most favorable to the party opposing the motion, giv-

ing that party the benefit of all favorable inferences that may be drawn from the evidence."

Although Presform persistently has relied on its factual allegations on the merits of its claims, it has been unable to demonstrate a genuine issue as to material fact relevant to the limitations defense, the basis on which the actions were dismissed by the District Court. Following the mandate of *McHenry*, we, therefore, conclude that the District Court properly disposed of these cases by means of summary judgment for the appellees.

Affirmed.

OPINION AND ORDER OF THE DISTRICT COURT IN NO. C 68-488

(Filed March 26, 1973)

No. C 68-488

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

THE AKRON PRESFORM MOLD COMPANY,
Plaintiff,

v.

THE B. F. GOODRICH COMPANY and SUN CORPORATION,
Defendants.

MEMORANDUM OPINION AND ORDER
[Master Opinion]

LAMBROS, *District Judge*

This is a suit instituted under the anti-trust laws. In its complaint, the plaintiff, Akron Presform Mold Company ("Presform") alleges that the defendants, Sun Corporation ("Sun") and the B. F. Goodrich Company ("Goodrich") violated the anti-trust laws by entering into reciprocal dealing and rebate agreements with respect to the licensing of Sun's Molitor and Martin patents. In particular, the plaintiff alleges that Goodrich took a license under these patents knowing that they were of doubtful validity. Under the license agreement which was entered into in October of 1953, Goodrich agreed to make annual

lump sum payments in lieu of royalties. The primary motive for this agreement was allegedly the agreement of Sun to purchase its requirements of plastic resins from Goodrich and to promote Goodrich as a source of supply for its licenses. The effect of this license agreement, was to create a false inference that the Sun patents had attained general commercial acceptance. This erroneous inference, along with other alleged acts of deception, contributed to the allegedly erroneous finding of this Court in 1958 upholding the validity of the Molitor patent in the case of *Sun Rubber Company v. Akron Presform Mold Company*, 159 F.Supp. 661 (N.D.Ohio 1958), *aff'd*, 274 F.2d 224 (6th Cir. 1960).

Sun and Goodrich have moved to dismiss the complaint upon the grounds that it is barred by res judicata or collateral estoppel and by the statute of limitations. Since matters outside of the pleadings have been presented, the Court, as requested, will treat the motions as ones for summary judgment. For the reasons stated below, the Court finds that the limitations defense of both Sun and Goodrich and the defense of collateral estoppel of Sun are well taken.

I. BACKGROUND

The following excerpt from the brief of McNeil Corporation filed in *Akron Presform Mold Co. v. Sun Co.*, Case No. C 68-487, provides an accurate description of the procedural history of this case and of related ones:

> "Presform and Defendant Sun were parties to Civil Action No. 31212 in this Court which was concluded by judgment entered February 14, 1958 by the late Chief Judge Paul Jones, the decision being reported in *Sun Rubber Company v. Akron Presform Mold Company*, 159 F.Supp. 661 (N.D.Ohio 1958). The de-

cision of this Court insofar as pertinent found Sun's Molitor patent 2,629,134 (hereinafter 'Molitor' patent) valid and held that Presform contributorily infringed the claims thereof (Complaint, para. 4, p. 2). These findings of this Court with respect to the Molitor patent were affirmed in all respects and appellate remedies were otherwise pursued and exhausted as reported in *National Latex Products Company v. Sun Rubber Company* and *Akron Presform Mold Company v. Sun Rubber Company*, 274 F.2d 224 (6th Cir. 1959), rehearing denied, 274 F.2d 224 (6th Cir. 1960), motion to reconsider en banc and second petition for rehearing denied, 276 F.2d 167 (6th Cir. 1960), *cert. denied*, 326 U.S. 989 (1960). Pursuant to the Mandate of the Court of Appeals for the Sixth Circuit an injunction dated June 27, 1960 was issued by this Court restraining Presform from 'manufacturing and selling machinery intended or adapted to be used in practicing the method as claimed in said Molitor patent' (Complaint, para. 5, p. 3). As a result of a settlement reached between the parties for past infringement in lieu of the ordered accounting, the case was dismissed by Order of this Court on June 13, 1961.

"In another action instituted by The Barr Rubber Products Company against Sun in the Southern District of New York, that Court held, after a full trial on the merits that the Molitor patent was invalid and that the record in that case, in the Southern District of New York, and in the prior Akron Presform litigation in this Court and the Sixth Circuit, was blighted by 'Sun's perjurious fraud and misrepresentation of material aspects of the validity of said Molitor patent.' (Complaint, para. 4, p. 5) (*Barr Rubber Products Co. v. Sun Rubber Co.*, 277 F.Supp. 484 (S.D.N.Y. 1967). On April 30, 1970 . . . [,] the Court

of Appeals for the Second Circuit reversed the findings of the New York District Court relating to 'fraud' and 'perjury' as clearly erroneous and reversed the holding of invalidity of Molitor, remanding the case to the District Court for trial solely on the issue of patentability, *Barr Rubber Produrts Co. v. Sun Rubber Co.*, 425 F.2d 1114 (2nd Cir. 1970), and the Supreme Court subsequently denied Barr's petition for certiorari, 400 U.S. 871 (1971).

"Substantially contemporaneous with the filing of the Complaint in this Action, [July 3, 1968] Presform filed in the Court of Appeals for the Sixth Circuit a 'Motion for Recall of Mandate and Leave to File Bill of Review' seeking to re-open the previous Sixth Circuit disposition of the Presform and Sun litigation in this Circuit based upon the findings (now reversed) of fraud and perjury relating to the Molitor patent by the District Court in New York. Due to the pendency of the appeal from the findings of the New York District Court relied upon, the Court of Appeals for the Sixth Circuit stayed further proceedings in the 'Motion for Recall of Mandate and Leave to File Bill of Review' as well as this case and certain other 'companion cases' (*The Akron Presform Mold Company v. The B. F. Goodrich Company and Sun Corporation*, C.A. No. C 68-488, and *The Akron Presform Mold Company v. The B. F. Goodrich Company, McNeil Corporation and Sun Corporation*, C.A. No. C 68-489) in furtherance of its appellate jurisdiction. Upon the Second Circuit's reversal of the New York District Court's findings of perjury and fraud, including the purported infection of the prior Sixth Circuit adjudication *Barr Rubber Products Co. v. Sun Rubber Co.*, 425 F.2d 1114 (2nd Cir. 1970), the Court of Appeals for the Sixth Circuit considered Presform's 'Mo-

tion for Recall of Mandate and Leave to File Bill of Review' on its own motion and held that Presform's Motion was 'in all respects denied on the grounds of *res judicata*' (Order of February 3, 1971, attached as Exhibit A). Presform's subsequent petition for rehearing from this Order was denied by the Sixth Circuit in an Order entered March 23, 1971 which stated:

> 'On receipt and consideration of a petition for rehearing filed in the above-styled cause, the same is hereby denied. The court, however, specifically notes that the doctrine of res judicata employed in its previous order was applicable to *National Latex Products Co. v. Sun Rubber Co.*, [and *Akron Presform Mold Company v. Sun Rubber Company*] 274 F.2d 224 (6th Cir. 1959), cert. denied, 362 U.S. 989 (1960).'*

. . .

II. PRINCIPLES OF LAW RELATIVE TO SUMMARY JUDGMENT

Since the Court is treating the motions as ones for summary judgment, a brief discussion of the law relative to a motion for summary judgment is indicated. Under Fed. R. Civ. P. 56, a summary judgment will be rendered if the evidence presented demonstrates that there is no genuine issue as to material fact and that the moving party is entitled to judgment as a matter of law. When a motion for summary judgment is made, "a party cannot

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*The cases of *Sun Rubber Company v. National Latex Products Company and Sun Rubber Company v. Akron Presform Mold Company* were consolidated for trial before Judge Jones, and were companion cases decided by the single opinion of the Sixth Circuit Court of Appeals. See respective opinions of District and Circuit Courts cited in text above" *See McNeil's brief*, p.p. 2-5.

rest on the allegations contained in his complaint in opposition to a properly supported motion made against him." *First National Bank of Arizona v. Cities Service Co.*, 391 U.S. 253, 289 (1968). "This obligation to come forward with probative evidence is clearly not satisfied by mere unsupported factual assertions in a lawyer's memorandum." *Saunders v. National Basketball Association*, 348 F.Supp. 649, 654 (N.D.Ill. 1972). If the opposing party fails to respond to the motion by affidavit or otherwise demonstrating that a genuine issue for trial exists, summary judgment, if appropriate, will be entered against him. See Fed. Civ. P. 56 (e); 348 F.Supp. at 649.

III. RES JUDICATA/COLLATERAL ESTOPPEL

In the case of *Sun Rubber Co. v. Akron Presform Mold Company* (hereinafter "Sun Rubber Co. case"), Sun (formerly known as Sun Rubber Company) charged Presform with infringement of its Molitor and Martin patents. In defense, Presform alleged that the patents were unenforceable because Sun had misued the patents by virtue of provisions in its license agreements. See Sun's Exhibit A. During pre-trial discovery, Presform enumerated the specifics of the misuse of the patents. In this regard, Presform stated in an answer to Sun's interrogatories:

> "With reference to Plaintiff's Interrogatory No. 7, Plaintiff's mailing of a large number of patent infringement letters to the trade is contended to be a misuse of the patents in suit, and *Plaintiff's license agreement with the B. F. Goodrich Company is alleged to be a subterfuge to aid Goodrich in selling its resins to licensees, rather than a bona fide license agreement under the patents in suit.*" (Emphasis added.)

See Sun's Exhibit D. During trial, Presform introduced evidence in support of this claim of misuse. See Sun's

Exhibit E. The Court held that Sun did not misuse the patents. 159 F.Supp. at 664-5. This holding of the Court was not appealed.

This brief history indicates that the unlawful aspects of the license arrangement between Sun and Goodrich relating to the Molitor patent have been litigated between Sun and Presform. The issue was determined against Presform. Under the doctrine of collateral estoppel, "matters which have been actually litigated and determined in a prior action cannot later be relitigated." See *Commissioner of Internal Revenue v. Sunnen*, 333 U.S. 591, 598 (1948). Thus, under this principle of law, Presform cannot relitigate with Sun the license arrangement between Goodrich and Sun.

Whether Presform can litigate that issue against Goodrich is a different question. Goodrich was not a party to the *Sun Rubber Co.* case. The issue then becomes whether a conspirator (Goodrich) can use defensively, in a subsequent lawsuit, a judgment rendered against the plaintiff (Presform) and in favor of a co-conspirator (Sun) in a prior lawsuit. The issue is one of first impression. The parties, however, have not sufficiently briefed this question[1]. Accordingly, the Court will overrule the motion

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1. For instance, the parties have not briefed the basic issue of whether co-conspirators are in privity with one another. They have not attempted to reconcile the conflicting principles of law involved in the relation of conspirators to one another. In this regard, conspirators, on the one hand, are considered to be joint tortfeasors. See, *e.g., State of Washington v. American Pipe & Construction Co.*, 280 F.Supp. 802, 804 & n.4 (S.D. Cal. 1968). A judgment exonerating one joint tortfeasor precludes a subsequent lawsuit against the other. See 1B J.Moore, Federal Practice ¶0.412[4]. Thus, it would appear that a judgment in favor of one conspirator would not preclude an action against another conspirator. On the other hand, a conspiracy creates an agency relationship between the conspirators. See, *e.g., Occidental Petroleum Corp. v. Buttes, Gas & Oil Co.*, 331 F.Supp. 92,

(Continued on following page)

of Goodrich as it relates to the defense of collateral estoppel but without prejudice to its renewal.

IV. STATUTE OF LIMITATIONS

A. Principles of Law

The applicable statute of limitations for anti-trust claims is 15 U.S.C. §15b. That Section, in pertinent part, provides:

> "Any action to enforce any cause of action under sections 15 or 15a of this title shall be forever barred unless commenced within four years after the cause of action accrued."

It is well settled that this statute of limitations commences to run from the last overt act of the conspiracy causing injury or damage. *Zenith Radio Corp. v. Hazeltine Research, Inc.*, 401 U.S. 321, 338 (1971); *Weber v. Consumers Digest, Inc.*, 440 F.2d 729, 731 (7th Cir. 1971); *Garelick v. Goerlick's Inc.*, 323 F 2d 854, 855 (6th Cir. 1963). There are two means by which one can avoid the operation of this statute of limitations—namely, the *Zenith* rule and the fraudulent concealment rule. Since these rules are in avoidance of the statute of limitations, the party seeking the benefit of these rules has the burden of proof to establish them. See *Baker v. F & F Investment*, 420 F.2d 1191, 1199 (7th Cir. 1970); *Saunders v. National Basketball Association*, 348 F. Supp. 649, 654 (N.D. Ill. 1972);

Footnote continued—

97 (C.D. Cal. 1971). A judgment exonerating an agent can inure to the benefit of the principal. See J.Moore, Federal Practice ¶0.412[6]. Thus, it also appears that if the agency approach controls, a judgment in favor of one conspirator could preclude a suit against a co-conspirator. Finally Goodrich and Presform have not considered the effect of the holding in the case of *Blonder-Tongue Laboratories v. University of Illinois Foundation*, 402 U.S. 313 (1971) on this issue.

51 Am. Jur. 2d Limitations of Actions, §485; 54 C.J.S. Limitations of Actions, §386b.

One of the rules—the *Zenith* rule—was recently enunciated in the case of *Zenith Radio Corp. v. Hazeltine Research, Inc.*, 401 U.S. 321 (1971). There, the United States Supreme Court held that a plaintiff may recover damages occurring within the period of the statute of limitations that are the result of conduct occurring prior to that period, if at the time of the conduct, those damages were speculative, uncertain or otherwise incapable of proof. *Zenith Radio Corp., supra*, at 338-43; see *Continental-Wirt Electronics Corp. v. Lancaster Glass Corp.*, 459 F.2d 768 (3d Cir. 1972); *The Poster Exchange, Inc. v. National Screen Service Corp.*, 456 F.2d 662 (5th Cir. 1972); *Ansul Co. v. Uniroyal, Inc.*, 448 F.2d 872 (2d Cir. 1971); *Railing v. United Mine Workers of America*, 445 F.2d 353 (4th Cir. 1971); *Saunders v. National Basketball Association*, 348 F.Supp. 649 (N.D. Ill. 1972). In practical terms, this means that a plaintiff must prove two things—one, the plaintiff must demonstrate that at the time of the overt act causing injury, the damages, which he now seeks to recover, were speculative or incapable of proof and two, the plaintiff must prove that these damages were not ascertainable until some time within four years prior to the filing of the complaint. See *Continental-Wirt Electronics Corp. v. Lancaster Glass Corp., supra*, at 770.

The other means to avoid the statute of limitations is the fraudulent concealment rule. The basic principles of law with respect to the fraudulent concealment rule were amply stated in the following language in the case of *Saunders v. National Basketball Association, supra*:

> "[I]t is settled that the mere failure of an injured party to timely discover the existence of a cause of action does not toll the Statute. . . . [*Allis-Chalmers*

> *Mfg. Co. v. Commonwealth Edison Co.*, 315 F.2d 558 (7th Cir. 1963)] In order for conduct on the part of defendants to amount to fraudulent concealment, plaintiff must bear the burden of showing not only a failure to discover a cause of action prior to expiration of the Statute of Limitations, but also the 'exercise of due diligence and the fraudulent concealment, mistake or misrepresentation which frustrated it.' *Laundry Equipment Sales Corp. v. Borg-Warner Corp.*, 334 F.2d 788, 792 (7th Cir. 1964). There is no fraudulent concealment where plaintiff knew or by the exercise of due diligence could have known that he may have had a cause of action. *City of Burlington v. Westinghouse Electric Corp.*, 246 F.Supp. 839 (D.C. Dist. 1965)." 348 F.Supp. at 649.

Furthermore, in regard to the means of concealment, upon the part of the defendant,

> "Concealment by defendant only by silence is not enough. He must be guilty of some trick or contrivance tending to exclude suspicion and prevent inquiry." *Crummer Co. v. DuPont*, 255 F.2d 425, 432 (5th Cir. 1958), *quoting Arkansas Natural Gas Co. v. Sartor*, 78 F.2d 924, 929 (5th Cir. 1935).

B. Discussion

Sun and Goodrich contend that the plaintiff has not alleged nor shown any overt act after July 3, 1964 (four years before the complaint was filed.) Sun and Goodrich assert and demonstrate by exhibits that all the overt acts in the complaint occurred prior to July 3, 1964. The defendants, therefore, argue that the anti-trust claims are barred by the statute of limitations. In opposition, Presform admits that "all the acts commencing the unlawful conspiracies alleged in plaintiff's . . . [suit] began more

than four years before the filing of the . . . [complaint]." *Presform's Brief*, p. 12. Nevertheless, the plaintiff contends, without supporting evidence, that the anti-trust claims are still not barred by the statute of limitations because of the *Zenith* rule and because of the fraudulent concealment rule. The Court disagrees.

The Court has examined the pleadings, briefs and exhibits. The Court finds that it is uncontradicted by the plaintiff that the overt acts of the defendants as alleged in the complaint occurred prior to July 3, 1964. In fact, it appears that the last overt act occurred no later than 1953, the time the license agreement between Goodrich and Sun was entered into. Since the last overt act occurred more than four years before the complaint was filed, the defendants have presented a *prima facie* case that the statute of limitations bars the anti-trust claims. The burden now shifts to Presform to prove that the operation of the statute can be avoided by either the fraudulent concealment rule or by the *Zenith* rule.

With respect to the fraudulent concealment rule, the plaintiff has not alleged nor demonstrated by affidavit or otherwise that Sun and Goodrich concealed the conspiracy by some trick or contrivance. The plaintiff has also not alleged nor demonstrated by affidavit or otherwise that it exercised due diligence in attempting to discover the cause of action. At best, there is only mere ignorance upon the part of Presform of its rights. This alone is insufficient to overcome the limitations defense. Accordingly, Presform cannot avoid the statute of limitations by means of the fraudulent concealment rule.

Nor can Presform avoid the limitations statute by means of the *Zenith* rule. In this connection, the plaintiff must demonstrate that, at the time of the last overt act, some portion of the damages incurred were speculative

and that these damages were not ascertainable until after July 3, 1964. Presform in its brief, has only stated that "[d]iscovery in this case will establish that it was not until 1965 that plaintiff closed its doors as a going business." *Presform brief*, p. 13. This unsupported factual assertion, as noted previously, is insufficient to withstand a motion for summary judgment. Moreover, even if the plaintiff supported by affidavit or otherwise the assertion that it went out of business in 1965, this still would not preclude the granting of the motion. The fact that Presform went out of business in 1965 is not dispositive. In order to withstand the motion, the plaintiff must, in addition, demonstrate that the damages which caused it to close its doors 1) were the result of the conspiracy, 2) were speculative at the time of the overt acts and 3) were not ascertainable until after July 3, 1964. The plaintiff, however, has now shown this by any probative evidence. Furthermore, Presform has not alleged nor shown that it was even in the rotational casting machinery business after July 3, 1964. The *Zenith* rule, as in the case of the fraudulent concealment rule, thus does not provide any solace to Presform.

V. JUDGMENT AND ORDER

Accordingly, for the reasons assigned, the Court enters judgment in favor of Sun Corporation and the B. F. Goodrich Company and against Akron Presform Mold Company on the complaint upon the basis that it is barred by the statute of limitations. Alternatively, the Court enters judgment in favor of Sun Corporation and against Akron Presform Mold Company on the complaint upon the basis it is barred by collateral estoppel.

This case is terminated.

IT IS SO ORDERED.

[Signature and March 23, 1973, date omitted]

OPINION AND ORDER OF THE COURT OF APPEALS IN NO. C 68-487

(Filed March 26, 1973)

No. C 68-487

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

THE AKRON PRESFORM MOLD COMPANY,
Plaintiff,

v.

McNEIL CORPORATION and SUN CORPORATION
Defendants

MEMORANDUM OPINION AND ORDER

[As abbreviated and accepted by the Court of Appeals, namely, omitting, but indicating by reference to preceding pages of the appendix, those passages which are verbatim duplicates of passages in the master opinion in C 68-488.]

LAMBROS, *District Judge*

This is a suit instituted under the anti-trust laws. In its complaint, the plaintiff, the Akron Presform Mold Company ("Presform"), alleges that McNeil Corporation ("McNeil"), using Sun Corporation ("Sun") as its front, unlawfully effected a substantial lessening of competition and tended to create a monopoly in the rotational casting of thermoplastic material market. With respect to this claim, the plaintiff, in the main, alleges that three activities of the defendants caused injury to its business. One, the

defendants unlawfully enforced a fraudulently obtained injunction in regard to the Molitor patent. The injunction was allegedly fraudulently obtained by the defendants because there was fraud and misrepresentation relative to material aspects of the validity of the Molitor patent. See paragraphs 4, 5 and 6 of the complaint. Two, the defendants enforced this injunction knowing, but not disclosing to the Court, that a substantial non-infringing use existed for plaintiff's machine. See paragraph 6 of the complaint. Three, the defendants imposed unlawful conditions to the obtaining of a license under the Molitor patent and to the purchase of their rotational casting machinery. See paragraph 7 of the complaint.

Sun and McNeil have now moved to dismiss the complaint upon the grounds that it is barred by the doctrine of res judicata and/or by the statute of limitations. Since matters outside of the pleadings have been presented in support of the motions, the Court, as the defendants request, will treat the motions as ones for summary judgment. See Fed. R. Civ. P. 12(b). For the reasons stated below, the Court finds that as to the limitations defense, the motions are well taken.[1]

I. PRINCIPLES OF LAW RELATIVE TO SUMMARY JUDGMENT

[See identical text under same sub-section caption in C 68-488, commencing at App. A22]

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1. Inasmuch as the defense of res judicata or collateral estoppel raises questions which require further argument and since this defense, in any event, does not dispose of all portions of the complaint, the Court, at this time, will overrule the motions as they pertain to this ground, but without prejudice to their renewal.

II. STATUTE OF LIMITATIONS

A. Principles of Law

(See identical text under same sub-section caption in C 68-488, commencing at App. A25)

B. Discussion

Sun and McNeil contend that the plaintiff has not alleged nor shown any overt act after July 3, 1964 (four years before the complaint was filed.) Sun and McNeil assert and demonstrate by exhibits that all the overt acts in the complaint occurred prior to July 3, 1964. The defendants, therefore, argue that the anti-trust claims are barred by the statute of limitations. In opposition, Presform admits that "all the acts commencing the unlawful conspiracies alleged in plaintiff's . . . [suit] began more than four years before the filing of the . . . [complaint]." *Presform's Brief*, p. 12. Nevertheless, the plaintiff contends, without supporting evidence, that the anti-trust claims are still not barred by the statute of limitations because of the *Zenith* rule and because of the fraudulent concealment rule. The Court disagrees.

The Court has examined the pleadings, briefs and exhibits. The Court finds that it is uncontradicted by the plaintiff that the overt acts of the defendants as alleged in the complaint occurred prior to July 3, 1964. In fact, it appears that the last overt act occurred no later than 1962. Since the last overt act occurred more than four years before the complaint was filed, the defendants have presented a *prima facie* case that the statute of limitations bars the anti-trust claims. The burden now shifts to Presform to prove that the operation of the statute can be avoided by either the fraudulent concealment rule or by the *Zenith* rule.

With respect to the fraudulent concealment rule, the plaintiff, has not alleged nor demonstrated by affidavit or otherwise that Sun and McNeil concealed the conspiracy by some trick or contrivance. The plaintiff has also not alleged nor demonstrated by affidavit or otherwise that it exercised due diligence in attempting to discover the cause of action. Moreover, it appears that the plaintiff could have discovered the part of the alleged conspiracy that concerns the presence of a non-infringing use for the plaintiff's machine. In this respect, the evidence is uncontradicted that the plaintiff was informed by Sun in 1960 of the existence of a non-infringing use. See Exhibit 1 of McNeil. Accordingly, Presform cannot avoid the statute of limitations by means of the fraudulent concealment rule.

Nor can Presform avoid the limitations statute by means of the *Zenith* rule. In this connection, the plaintiff must demonstrate that, at the time of the overt acts (namely, 1960, 1961, 1962), some portion of the damages incurred were speculative and that these damages were not ascertainable until after July 3, 1964. Presform in its brief, has only stated that "[d]iscovery in this case will establish that it was not until 1965 that plaintiff closed its doors as a going business." Presform's brief, p. 13. This unsupported factual assertion, as noted previously, is insufficient to withstand a motion for summary judgment. Moreover, even if the plaintiff supported by affidavit or otherwise the assertion that it went out of business in 1965, this still would not preclude the granting of the motion. The sole fact that Presform went out of business in 1965 is not dispositive. In order to withstand the motion, the plaintiff must, in addition, demonstrate that the damages which caused it to close its doors 1) were the result of the conspiracy, 2) were speculative at the time of the overt acts and 3) were not ascertainable

until after July 3, 1964. The plaintiff, however, has not shown this by any probative evidence. Furthermore, Presform has not alleged nor shown that it was even in the rotational casting machinery business after July 3, 1964. The *Zenith* rule, as in the case of the fraudulent concealment rule, thus does not provide any solace to Presform.

V.* JUDGMENT AND ORDER

Accordingly, for the reasons assigned, the Court enters judgment in favor of Sun Corporation and McNeil Corporation and against Akron Presform Mold Company on the cause of action alleged in the complaint upon the ground it is barred by the statute of limitations.

This case is terminated.

IT IS SO ORDERED.

[Signature and March 23, 1973, date omitted]

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*There are no intervening sections III and IV preceding this concluding section "V" in the opinion and order in C68-487 which, in form, if not precisely identical verbiage, duplicates section V of the opinion and order in C68-488.

OPINION AND ORDER OF THE DISTRICT COURT IN NO. C 68-489

(Filed March 26, 1973)

No. C 68-489

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

THE AKRON PRESFORM MOLD COMPANY,
Plaintiff,

v.

THE B. F. GOODRICH COMPANY,
McNEIL CORPORATION, and
SUN CORPORATION,
Defendants

MEMORANDUM OPINION AND ORDER

[As abbreviated and accepted by the Court of Appeals, namely, omitting, but indicating by reference to preceding pages of the appendix, those passages which are verbatim duplicates of passages in the master opinion in C 68-488.]

LAMBROS, *District Judge*

This is a suit instituted under the anti-trust laws. In its complaint, the Akron Presform Mold Company ("Presform") alleges that the defendants, Sun Corporation ("Sun"), McNeil Corporation ("McNeil") and the B. F. Goodrich Company ("Goodrich") combined and conspired to restrain trade and tend to create a monopoly in the use of rotational casting techniques, materials and equip-

ment. In regard to this conspiracy, the plaintiff alleges that two separate activities of the alleged conspirators caused injury to its business. One, the defendants coerced Ideal Toy Company ("Ideal"), a leading company in the doll industry, to take a license under the Molitor patent, U.S. Patent No. 2,629,134 although Ideal believed that the Molitor patent was invalid. (See paragraph 5 of the complaint.) This license agreement was entered into on December 13, 1961. (See Exhibit C of McNeil). Two, without regard to whether the addressee used a process within the scope of the Molitor patent, the defendants issued a large number of letters to the doll industry threatening patent infringement suits under the Molitor patent. These "broadside, unlawful threats to the doll industry effected a coup-de-grace to . . . [the] market for plaintiff's machines . . . and materially contributed to and accelerated the ultimate and virtual destruction of plaintiff's business. (See paragraph 6 of the complaint.) These letters were all sent on December 22, 1961 (See Affidavit of Phillip L. Kenner, paragraph 4 and Exhibit D of McNeil.)

All of the defendants, Sun, McNeil and Goodrich, have now moved to dismiss the complaint upon the grounds that it is barred by res judicata or collateral estoppel and/or by the statute of limitations. Since matters outside of the pleadings have been presented, the Court, as requested, will treat the motions as ones for summary judgment. See Fed. R. Civ. P. 12(b). For the reasons stated below, the Court finds that as to the limitations defense, the motions are well taken.[1]

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1. As noted in the text, the defendants have also moved to dismiss the complaint upon the grounds of res judicata or collateral estoppel. They claim that the judgment rendered in favor of Sun in the case of *Sun Rubber Company v. Akron Presform Mold Company* (hereinafter "the Sun Rubber Co. case") bars relitigation of the issues in this complaint. (See the history of

(Continued on following page)

II. PRINCIPLES OF LAW RELATIVE TO SUMMARY JUDGMENT

[See identical text under same numbered and captioned section in C 68-488, commencing at App. A22]

III. STATUTE OF LIMITATIONS

A. Principles of Law

[See identical text under same sub-section caption in C 68-488, commencing at App. A25]

B. Discussion

Sun, McNeil and Goodrich contend that the plaintiff has not alleged nor shown any overt act after July 3, 1964 (four years before the complaint was filed.) The defendants assert and demonstrate by exhibits that all the overt acts in the complaint occurred prior to July 3, 1964. The defendants, therefore, argue that the anti-

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Footnote Continued—

the *Sun Rubber Co.* case in the companion opinion of this Court rendered in the case of *Akron Presform Mold Company v. Sun Corporation*, Case No. C 68-488). The procedural history of the *Sun Rubber Co.* case reflects that only the issue of the unlawful rebate scheme between Sun and Goodrich was actually litigated in that case. See Section III of the opinion in the case of *Akron Presform Mold Company v. Sun Corporation*, Case No. C 68-488. The two activities of the conspirators alleged in this complaint were not raised nor litigated in the *Sun Rubber Co.* case. As such, the judgment in that case does not bar their litigation in this case. The complaint in its entirety is thus not barred by collateral estoppel. However, the portion of the complaint which refers to unlawful rebate scheme (paragraph 4(b)) will be stricken as it pertains to Sun and to its privy, McNeil. With respect to Goodrich, however, it is unclear whether Goodrich can reap the benefits of the judgment rendered in favor of Sun in the *Sun Rubber Co.* case. This issue has not been satisfactorily briefed. See footnote 1 of the opinion in the companion case of *Akron Presform Mold Company v. Sun Corporation*, Case No. C 68-488. Therefore, at this time, the Court will not strike paragraph 4(b) as to Goodrich. If necessary, Goodrich will be permitted to file a motion to strike at a later date.

trust claim is barred by the statute of limitations. In opposition, Presform admits that "all the acts commencing the unlawful conspiracies alleged in plaintiff's . . . [suit] began more than four years before the filing of the . . . [complaint]." *Presform's Brief*, p. 12. Nevertheless, the plaintiff contends, without supporting evidence, that the anti-trust claim is still not barred by the statute of limitations because of the *Zenith* rule and because of the fraudulent concealment rule. The Court disagrees.

The Court has examined the pleadings, briefs and exhibits. The Court finds that it is uncontradicted by the plaintiff all the overt acts of the defendants as alleged in the complaint occurred prior to July 3, 1964. In fact, it is uncontradicted that the last overt act occurred no later than December 22, 1961. (The license agreement was signed on December 13, 1961 and all the patent infringement letters were sent on December 22, 1961.) Since the last overt act occurred more than four years before the complaint was filed, the defendants have presented a *prima facie* case that the statute of limitations bars the anti-trust claim. The burden now shifts to Presform to prove that the operation of the statute can be avoided by either the fraudulent concealment rule or by the *Zenith* rule.

With respect to the fraudulent concealment rule, the plaintiff has not alleged nor demonstrated by affidavit or otherwise that the defendants concealed the conspiracy by some trick or contrivance. The plaintiff has also not alleged nor demonstrated by affidavit or otherwise that it exercised due diligence in attempting to discover the alleged conspiracy. Rather, it can be concluded that Presform was aware of the operative facts shortly after the overt acts were committed in December of 1961. In this regard, the plaintiff, in its brief, states that the patent

infringement letters "caused plaintiff to find 'its past customers discouraged and prospective customers intimidated by the litigious atmosphere.'" The plaintiff would not have found such a situation existing unless the customers advised the plaintiff of the contents of the letter, namely, the Ideal license and the threat of a patent infringement suit. Since the letters were sent on December 22, 1961, these letters must have been received by the customers either in late December, 1961 or early January, 1962. This is about the time the plaintiff could have attempted to discover the conspiracy involved in this case. Accordingly, Presform cannot avoid the statute of limitations by means of the fraudulent concealment rule.

Nor can Presform avoid the limitations statute by means of the *Zenith* rule. In this connection, the plaintiff must demonstrate that, at the time of the overt acts (namely, December 13 and 22, 1961), some portion of the damages incurred were speculative and that these damages were not ascertainable until after July 3, 1964. Presform in its brief, has stated that "[d]iscovery in this case will establish that it was not until 1965 that plaintiff closed its doors as a going business." *Presform brief*, p. 13. This unsupported factual assertion, as noted previously, is insufficient to withstand a motion for summary judgment. Moreover, even if the plaintiff supported by affidavit or otherwise the assertion that it went out of business in 1965, this still would not preclude the granting of the motion. The fact that Presform went out of business in 1965 is not dispositive. In order to withstand the motion, the plaintiff must, in addition, demonstrate that the damages which caused it to close its doors 1) were the result of the conspiracy, 2) were speculative at the time of the overt acts and 3) were not ascertainable until after July 3, 1964. The plaintiff, however, has not shown this by

any probative evidence. Nor does it appear that the plaintiff could even demonstrate that the damages were speculative at or about the time the overt acts were committed. The allegations in the complaint suggest this. The plaintiff, in this regard, has alleged that the "coup-de-grace" to its market was the patent infringement letters. (These letters, as noted above, were sent on December 22, 1961.) The plaintiff further alleges that these letters "materially contributed to and accelerated the ultimate and virtual destruction of the plaintiff's business." If these allegations are true, the bulk of the damages must have been incurred and felt by the plaintiff shortly after the patent infringement letters were sent. Otherwise, the plaintiff could not allege that the "coup-de-grace" to its market was the patent infringement letters. Finally, Presform has not alleged nor shown that it was even in the rotational casting machinery business after July 3, 1964. The *Zenith* rule, as in the case of the fraudulent concealment rule, thus does not provide any solace to Presform.

V.* JUDGMENT AND ORDER

Accordingly, for the reasons assigned, the Court enters judgment in favor of Sun Rubber Company, McNeil Corporation, and B. F. Goodrich Company and against Akron Presform Mold Company on the complaint upon the basis that it is barred by the statute of limitations.

This case is terminated.

IT IS SO ORDERED.

[Signature and March 23, 1973, date omitted.]

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*There is no intervening section IV preceding this concluding section "V" in the opinion and order in C68-489 which, in form, if not precisely identical verbiage, duplicates section V of the opinions and orders in C 68-488 and -487.

ORDER OF THE COURT OF APPEALS DENYING PETITION FOR REHEARING IN NO. 13-569

(Filed March 23, 1971)

No. 13,569

UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

THE AKRON PRESFORM MOLD COMPANY,
Defendant-Appellant,

vs.

THE SUN RUBBER COMPANY,
Plaintiff-Appellee.

ORDER

Before: PHILLIPS, *Chief Judge*, EDWARDS, *Circuit Judge*, and O'SULLIVAN, *Senior Circuit Judge.*

On receipt and consideration of a petition for rehearing filed in the above-styled cause, the same is hereby denied. The court, however, specifically notes that the doctrine of res judicata employed in its previous order was applicable to *National Latex Products Co. v. Sun Rubber Co.*, 274 F.2d 224 (6th Cir. 1959), *cert. denied*, 362 U.S. 989 (1960).

Entered by order of the Court

/s/ CARL W. REUSS
Clerk

OPINION OF THE COURT OF APPEALS
IN NOS. 13,568-69

(Filed February 3, 1971)

No. 13,568-69

UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

NATIONAL LATEX PRODUCTS COMPANY,
Defendant-Appellant,

vs.

THE SUN RUBBER COMPANY,
Plaintiff-Appellee.

THE AKRON PRESFORM MOLD COMPANY,
Defendant-Appellant,

vs.

THE SUN RUBBER COMPANY,
Plaintiff-Appellee.

ORDER

Before: PHILLIPS, *Chief Judge*, EDWARDS, *Circuit Judge*, and O'SULLIVAN, *Senior Circuit Judge*

On June 28, 1968, plaintiffs in the above-styled cases filed a Motion for Recall of Mandate and Leave to File Bill of Review. The essence of the motion was that a judgment in the United States District Court for the Southern District of New York in a long subsequent but related case, *Barr Rubber Products Co. v. Sun Rubber Co.*, 277

F. Supp. 484 (S.D. N.Y. 1967), had found that fraud had been practiced upon the District Court and this court in the decisions of this court involved in *National Latex Products Co. v. Sun Rubber Co.*, 274 F.2d 224 (6th Cir. 1959), to which the Motion to Recall Mandate applied.

On consideration of the motion and briefs filed in connection therewith, this court entered an order, dated October 15, 1968, staying further proceedings in this court and certain related proceedings in the United States District Court for the Northern District of Ohio, Eastern Division.

This court having noted that the findings of fraud and perjury entered by the United States District Court for the Southern Division of New York have now been reversed in *Barr Rubber Products Co. v. Sun Rubber Co.*, 425 F.2d 1114 (2d Cir. 1970), and that the United States Supreme Court has recently denied an application for certiorari therein, *Barr Rubber Products Co. v. Sun Rubber Co., cert. denied,* 39 U.S.L.W. 3180 (U.S. Oct. 27, 1970) (No. 462):

Wherefore, on this court's own motion, it is ordered that the stay order of October 15, 1968, is vacated and the said Motion to Recall Mandate and Leave to File Bill of Review filed June 28, 1968, is in all respects denied on the grounds of res judicata.

Entered by order of the Court

/s/ CARL W. REUSS
Clerk

ORDER OF THE COURT OF APPEALS IN NOS. 13,568-69

(Filed October 15, 1968)

Nos. 13,568-69

UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

NATIONAL LATEX PRODUCTS COMPANY,
Defendant-Appellant,

vs.

THE SUN RUBBER COMPANY,
Plaintiff-Appellee.

THE AKRON PRESFORM MOLD COMPANY,
Defendant-Appellant,

vs.

THE SUN RUBBER COMPANY,
Plaintiff-Appellee.

ORDER

Before: O'SULLIVAN, PHILLIPS and EDWARDS, *Circuit Judges.*

Noting that plaintiffs in the two above-styled cases rely principally upon a judgment of the United States District Court for the Eastern District of New York entitled *Barr Rubber Products Co. v. Sun Rubber Co.*, 277 F.Supp. 484 (S.D. N.Y. 1967); and

Being advised that judgment in this case is not final but is on appeal to the United States Court of Appeals for the Second Circuit,

Further proceedings in these motions are hereby held in abeyance until final disposition of *Barr Rubber Products Co. v. Sun Rubber Co.*

Further, treating Sun Rubber Company's motion for writ of injunction as a motion for a stay of proceedings in *The Akron Presform Mold Company v. McNeil Corporation & Sun Corporation,* C.A. No. C 68-487; *The Akron Presform Mold Company v. The B. F. Goodrich Company & Sun Corporation,* C.A. No. C 68-488; and *The Akron Presform Mold Company v. The B. F. Goodrich Company, McNeil Corporation and Sun Corporation,* C.A. No. C 68-489, all in the United States District Court for the Northern District of Ohio, Eastern Division,

Said motion is hereby granted in furtherance of the appellate jurisdiction of this court until further order.

Entered by order of the court

/s/ CARL W. REUSS
Clerk

RELEVANT PASSAGES IN DECISIONS IN EARLIER SECOND CIRCUIT LITIGATION, BARR v. SUN, REFERRED TO BY COURT OF APPEALS FOR THE SIXTH CIRCUIT

The Barr Rubber Products Company v. The Sun Rubber Company, 425 F.2d 1114, 1120-21, 1127, 1128 (2d Cir. 1970).

* * * * *

II.

[2] At the outset we are troubled by the lower court's failure to define the quantum of proof required to substantiate a charge of perjury in a civil, noncriminal case of this kind. Generally, a civil plaintiff must prove his affirmative case by no more than a preponderance of the evidence. Ordinarily this is true even where a criminal act is charged as part of a civil case. See, e.g., Brown v. Tourtelotte, 24 Colo. 204, 50 P. 195 (1897); Drezner v. Civil Service Commission, 398 Ill. 219, 75 N.E.2d 303 (1947); Rost v. F. H. Noble & Co., 316 Ill. 357, 147 N.E. 258 (1925); Prince v. Aetna Casualty & Surety Co., 129 So.2d 71 (La.App.1961); Cooper v. Spring Valley Water Co., 16 Cal.App. 17, 116 P. 298 (1911). See also 9 Wigmore, Evidence § 2498 (3d ed. 1940) and cases cited therein. We assume from the lower court's silence that it applied this normal "preponderance of the evidence" test.

[3-5] However, there is ample authority of long standing that to substantiate charges of fraud or of undue influence, at least in actions seeking the recovery of monies paid or the rescission or cancellation of contracts, a litigant must present "clear and convincing proof." United States v. American Bell Telephone Co., 167 U.S. 224, 241,

17 S.Ct. 809, 42 L.Ed. 144 (1897); Lalone v. United States, 164 U.S. 255, 257, 17 S.Ct. 74, 41 L.Ed. 425 (1896); United States v. Maxwell Land-Grant Co., 121 U.S. 325, 381, 7 S.Ct. 1015, 30 L.Ed. 949 (1887); Atlantic Delaine Co. v. James, 94 U.S. 207, 214, 24 L.Ed. 112 (1876); McDonnell v. General News Bureau, Inc., 93 F.2d 898, 901 (3 Cir. 1937); New York Life Ins. Co. v. Kwetkauskas, 63 F.2d 890 (3 Cir.), cert. denied, 289 U.S. 762, 53 S.Ct. 793, 77 L.Ed. 1505 (1933); Bowen v. B. F. Goodrich Co., 36 F.2d 306, 308 (6 Cir. 1929); United States v. Hays, 35 F.2d 948 (10 Cir. 1929); United States v. Paiz, 293 F. 755 (8 Cir. 1923). And see Troeder v. Lorsch, 150 Fed. 710, 714 (1 Cir. 1906), where it is stated: "[w]hen a person is charged with all the elements which constitute a heinous crime, although it be only on a civil issue, it shocks the judicial mind to refuse to give him the benefit of the usual presumption of innocence unless the adverse proofs are so far satisfactory as to be convincing." A civil tax penalty for fraud must also be established by clear and convincing proof. Rogers v. C.I.R., 111 F.2d 987, 989 (6 Cir. 1940); Bukowski v. United States, 136 F.Supp. 91 (S.D.Texas 1955); Owens v. United States, 98 F. Supp. 621, 627 (W.D.Ark.1951), aff'd, 197 F.2d 450 (8 Cir. 1952). Logic and reason demand that no lower standard of proof be applied in assessing a charge of perjury,[10] and especially so when a finding that material evidence has been falsified permits the allowance of an adversary's attorney fees not otherwise recoverable. We hold, therefore, that the district court committed procedural error by applying the

10. The gravity of a finding of outright perjury is aptly revealed by the untoward consequences already experienced by Sun as a result of the determination below. Applications have been made by both National Latex Products Company and the Akron Presform Company to recall the mandate and to reopen the cases in the Court of Appeals for the Sixth Circuit. * * *

wrong standard of proof in adjudicating the charge that perjury had been committed.

* * * * *

VII.

[15] Barr Rubber asserted and endeavored to prove a variety of antitrust and unfair competition charges. The district court held they were all "baseless in fact or in law or both." We agree.

The judgment below with respect to the antitrust and unfair competition issues is affirmed.

The judgment below is reversed and remanded in part, and affirmed in part.

Upon remand the proceedings below are to be conducted consistent with the approach taken herein relative to the issue of perjurious conduct on the part of Sun, its officers and employees.

The Barr Rubber Products Company v. The Sun Rubber Company, 277 F. Supp. 484, 491-492, 499, 505-506 (S.D.N.Y., 1967, Frankel, J.)

* * * * *

a. American Anode, Incorporated, engaged in formulating and selling plastisols (among other materials) rather than manufacturing goods from them, experimented over the years with various molding techniques and other modes of use to increase the sales of its products. Personnel of this Company developed, publicized, made no secret of (and made no attempt to patent) the process of Molitor's patent over a year before the filing of Molitor's application on June 27, 1950. The oral deposition testimony supporting this finding is somewhat vague and unsatisfying when considered by itself. But the testimony does not stand alone. It is powerfully corroborated by unquestioned

documentary evidence, an American Anode bulletin of July 1949 clearly and succinctly describing the technique Molitor purports to have invented.[8] Though less wordy than Molitor, this bulletin tersely taught everything Molitor claimed. Describing one among several molding procedures (including the technique of slush molding sketched above), it outlined the steps for rotational casting as follows (P. Ex. 33, p. 3):

> "1. Pour a premeasured amount of Ameran Resin Paste [plastisol] into the mold.
>
> "2. Rotate the mold to distribute the paste uniformly over all contact areas of the mold cavity. Provisions should be made for a heating chamber or oven in which the mold may be rotated, preferably at temperatures of 350° F. Exposure for 20-40 minutes during rotation will completely fuse the plastisol.
>
> "3. Allow mold to cool (if desired, the mold may be cooled rapidly in cold water). Remove product from mold."

Defendant makes no serious attempt to question that this covered fully what Molitor undertook to patent.[9] The document leaves no doubt that it reflects work preceding

---

8. It makes no difference for the question of obviousness treated here that the bulletin failed by a narrow margin to precede Molitor's application by more than a year, and thus presented no bar under 35 U.S.C. § 102(b). It should be observed in this connection, however, that plaintiff has urged the assignment to Molitor of some filing date later than June 27, 1950, the contention being that the initial application was not "effective" because of certain omissions and later amendments. There is no need, all things considered, to dwell upon this argument by plaintiff beyond recording that the court has rejected it.

9. Defendant's expert made some quibbling efforts (Tr. 4131 et seq.) to show teachings in Molitor assertedly absent from (or inferior in) the American Anode bulletin. The net of his suggestions is to reenforce plaintiff's thesis that the bulletin amply covered the same thing in every pertinent respect.

its publication date, as the oral testimony affirmed. Its brief, casual, informal disclosure for all the world is strong evidence that the process should be held to have been obvious for those skilled in the art.

* * * * *

(3) The Sixth Circuit was impressed by the "enormous commercial success" of Molitor's invention. Id. at 238. On the evidence here, it is difficult to perceive the basis for that characterization. Defendant has shown, to be sure, that its own plant produced some millions of "pieces" by the Molitor process in the 1950's. How "successful" or profitable this was is another question, largely unanswered, though it is perhaps relevant that defendant in 1958 (five years after Molitor's patent) was undergoing a Chapter XI reorganization when the Sixth Circuit opinion was written and for some time thereafter. As to more objective measures of patent success, defendant's case is notably unimpressive. Up to the time of the Sixth Circuit decision, defendant had acquired exactly one domestic licensee, and that a most equivocal one. The single licensee, B. F. Goodrich, was in the business of supplying materials for plastisols. At the time Goodrich took a license, at a modest price, defendant contracted to purchase for a year 75% of its resins from Goodrich, agreed to promote Goodrich resins with other licensees, and thus made commercially attractive this means of ostensible tribute despite the view of Goodrich's counsel that the Molitor patent was not a valid one.

* * * * *

II. PLAINTIFF'S ANTITRUST AND UNFAIR COMPETITION CLAIMS

Under this broad heading plaintiff has asserted and attempted to prove a variety of claims. Despite their number and the earnestness with which they have been

pressed, all have proved to be baseless in fact or in law or both. They merit only brief treatment here.

[14] A. As has been noted, the Goodrich Company took a license under the patent from defendant in 1953, and defendant, in a related and substantially contemporaneous contract, agreed to purchase 75% of its resins from Goodrich for a year. Plaintiff purports to find in this an unlawful "tying" agreement. The argument is scarcely intelligible. Plaintiff says further that the deal amounted to an illegal "rebate," but this thought is also difficult to follow and unmeritorious. The evidence on this subject diminishes the significance of the "tribute" defendant claims from Goodrich, but fails to make out the kind of unlawful exclusive dealing (or other antitrust violation) plaintiff has sought to establish. Cf. Tampa Electric Co. v. Nashville Coal Co., 365 U.S. 320, 81 S.Ct. 623, 5 L.Ed.2d 580 (1961).

[15] B. Plaintiff also charged that defendant had unlawfully conspired with machinery makers to restrict sales of rotational casting machines to licensees under the Molitor patent. Except for a brief and debatable contract expiring in 1955 between defendant and one machinery maker (from the existence of which plaintiff has shown no damage to itself), the evidence does not sustain, but serves to refute, this charge.

[16] C. It is further alleged that defendant Sun effected an unlawful restraint by licensing bystander defendant Wonder Products Company (see footnote 1, supra) to use the Molitor process for hobby horses while denying this mode of use to other licensees. The argument is answered, as plaintiff substantially concedes, by General Talking Pictures Corp. v. Western Electric Co., 304 U.S. 175, 58 S.Ct. 849, 82 L.Ed. 1273, aff'd on rehearing, 305

U.S. 124, 59 S.Ct. 116, 83 L.Ed. 81 (1938). Moreover, plaintiff's claim of injury from this asserted violation is wholly unsupported by the record.

[17] D. There is a further charge that defendant engaged in unlawful "package licensing," requiring licensees to take (and pay for) rights under other and lesser patents as a condition of using the Molitor process. The evidence refutes the charge.

[18] E. Equally unsubstantial is the argument that defendant committed an unlawful restraint when it sought and obtained from its licensees the promise of licenses from them under any patented improvements in the process. At least in the absence of antitrust violations not shown here, there is nothing wrong in this. Transparent-Wrap Machine Corp. v. Stokes Co., 329 U.S. 637, 67 S.Ct. 610, 91 L.Ed. 563 (1947).

F. Plaintiff accuses defendant of other things asserted to have been unfair competitive practices. The accusations are so unsubstantial on their face—or so wholly devoid of evidentiary support—as to be frivolous.

The Barr Rubber Products Company v. The Sun Rubber Company, modification dated November 21, 1967, reported only at 156 U.S.P.Q. 392, 393-94 (S.D. N.Y., 1967, Frankel, J.)

* * * * *

c. Part of that seeming face value concerned some handwritten marginal notes on Molitor's report of April 20, 1948. In this court's opinion of October 20, 1967 (pp. 387-388), the anachronistic character of these notes is one (though by no means the most important one) of the factors revealing how the Sixth Circuit was misled. But the Application for Reconsideration seizes upon this factor,

notes the court's finding that "[t]he marginal notes were made long after the report," and then says (p. 19):

> "We have examined this record and there is absolutely no evidence as to when the marginal notes were made. This Court can if it has a 'hunch', a 'feel' or a 'suspicion' that the marginal notes were not made at the time of the writing of the document, in the absence of any testimony establishing when the notes were made, disregard the notes. But, to predicate upon such a record that it forms a basis for a charge of fraud or perjury is not only fundamental error, but plainly unfair and unjust."

There is no need to dwell at length upon the inadequacy of defense counsel's examination of the record before the foregoing passage was written. It is enough to recall the clear acknowledgment by defendant's president on cross-examination that there was no "Martin unit" in existence until long after April 1948 (Tr. 4875-76), to observe then the marginal handwritten reference is to a "Martin unit," and perhaps to add that this reference in the same hand as one which made another notation at the top of the page which President Smith described as "probably * * * made for the trial in Cleveland" (Tr. 4874).

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Supreme Court of the United States

October Term, 1974
No. 74-207

AKRON PRESFORM MOLD COMPANY,
Petitioner,
vs.
McNEIL CORPORATION, *et al.*,
Respondents.

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

BRIEF OF RESPONDENT, THE B. F. GOODRICH COMPANY, IN OPPOSITION

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September 24, 1974

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Supreme Court of the United States

October Term, 1974
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AKRON PRESFORM MOLD COMPANY,
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Respondents.

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

BRIEF OF RESPONDENT, THE B. F. GOODRICH COMPANY, IN OPPOSITION

INTRODUCTORY STATEMENT

The Petition for Writ of Certiorari should be denied. Nothing is presented to require this Court to review, for a third time, the well-established legal principles which compelled the decisions below. No conflict among Courts of Appeals is presented. No undecided or improperly decided important question of Federal law is involved. No departure from accepted and usual course of judicial proceedings appears. In short, Petitioner, despite the prolixity of the verbiage employed, has failed to meet the requirements of Rule 19 for invoking the sound judicial discretion of this

Court to review the proceedings below. Rather, the Court is presented merely with the not unusual lament of a disappointed and unsuccessful litigant, or, more accurately, the lament of disappointed counsel for an unsuccessful litigant.

As appears from the record (A5-A6) litigation involving disputes between Petitioner and its counsel and Respondents, with regard to essentially the same subject matter has now persisted for approximately 20 years. Moreover, throughout the period of 20 years, Petitioner and its counsel have been unsuccessful. The resultant disappointment and lament of Petitioner and its counsel, though understandable, furnish no basis for invoking the discretionary jurisdiction of this Court. No matter how distasteful such a result may be to some advocates, all litigation must ultimately come to a conclusion.

ARGUMENT

By and large, Petitioner's presentation consists of a somewhat meandering argument to the effect that the Courts below did not properly understand the facts, many of which are asserted without record support, and that, despite their careful analysis and application thereof, neither the District Court nor the Court of Appeals really understood the decisions of this Court in *Walker Process Equipment, Inc. v. Food Machinery & Chemical Corp.*, 382 U.S. 172, and *Zenith Radio Corp. v. Hazeltine Research, Inc.*, 401 U.S. 321. A mere reading of the opinions below clearly reveals the fallacy of this argument. Both *Walker* and *Zenith* were understood by the lower courts and were correctly applied. The fact that their application was contrary to that sought by Petitioner is no ground for the granting of Certiorari.

Petitioner also suggests that the Courts below were guilty of procedural error in their failure to treat Petitioner's pleadings[1] as having an evidentiary thrust sufficient to create a factual conflict with the affidavits presented by the Respondents in support of their respective Motions for Summary Judgment and Motions to Dismiss (treated by the Courts below as Motions for Summary Judgment.)

Examination of the Federal Rules of Civil Procedure, particularly Rule 56(e) thereof, at once discloses the fallacy of Petitioner's argument.

I. The Lower Courts Correctly Applied Rule 56(e) Federal Rules of Civil Procedure in Entering Final Judgment for the Respondents.

In all three of the cases filed by Petitioner below,[2] Respondents filed Motions to Dismiss on the ground that the actions were barred by the Statute of Limitations. Since said motions were in each case supported by factual affidavits, the District Court properly treated the motions as Motions for Summary Judgment. See Rule 12(b) F.R.C.P.

Upon reviewing the affidavits, which were in no way controverted, explained or avoided by counteraffidavits, the District Court found, and the Court of Appeals agreed, that in each case, the last overt act committed in aid of the alleged conspiracy "occurred more than 4 years before the Complaint was filed." (A28, A32 and A38). That being true, the District Court held, and the Court of Appeals concurred, that all three cases, constituting claims of conspiracy

---

1. It is significant that Petitioner omits to include copies of the pleadings in the Appendix.

2. All three cases were consolidated for argument in the Court of Appeals and are here covered by a single Petition Writ of Certiorari.

to violate the antitrust laws, were barred because none of them had been commenced "within 4 years after the cause of action accrued." 15 U.S.C. §15b. In so holding, the Courts merely applied the rule, long well settled, that the Statute of Limitations begins to run from the date of the last overt act of the alleged conspiracy which caused injury or damage.

Petitioner complains because, despite his complete failure and omission to rebut, explain or avoid the affidavits filed by Respondents, the courts below did not give evidentiary weight to his pleadings. In taking this position, Petitioner not only relies upon authorities which do not support his position, but also ignores completely the plain and unambiguous language of Rule 56(e) F.R.C.P.

Rule 56(e) in pertinent part provides:

> "Supporting and opposing affidavits shall be made on personal knowledge, shall set forth such facts as would be admissible in evidence, and shall show affirmatively that the affiant is competent to testify to the matters stated therein. * * * When a motion for summary judgment is made and supported as provided in this rule, *an adverse party may not rest upon the mere allegations or denials of his pleadings*, but his response, by affidavits or otherwise provided in this rule, *must set forth specific facts showing that there is a genuine issue for trial.* If he does not so respond, summary judgment, if appropriate, shall be entered against him." (Emphasis supplied)

That part of Rule 56(e) providing that once affidavits are filed in support of a Motion for Summary Judgment, the opposing party may not rely on his pleadings in opposition thereto, but must "set forth specific facts showing that there is a genuine issue for trial" was adopted in 1963 for the

very purpose of invalidating the argument here advanced by Petitioner. The background for the adoption of the 1963 amendment to Rule 56(e) is analyzed and explained in MOORE'S FEDERAL PRACTICE (Second Edition), Summary Judgment, Section 56.

MOORE'S treatise states at pages 2162 and 2163:

"As originally promulgated, Rule 56(e) stated that:

> 'Supporting and opposing affidavits shall be made on personal knowledge, shall set forth such facts as would be admissible in evidence, and shall show affirmatively that the affiant is competent to testify to the matters stated therein. Sworn or certified copies of all papers or parts thereof referred to in an affidavit shall be attached thereto or served therewith. The court may permit affidavits to be supplemented or opposed by depositions or by further affidavits.'

"Then in 1963, subdivision (e) was amended by adding the two following concluding sentences:

> 'When a motion for summary judgment is made and supported as provided in this rule, an adverse party may not rest upon the mere allegations or denials of this pleading, but his response, by affidavits or as otherwise provided in this rule, must set forth specific facts showing that there is a genuine issue for trial. If he does not so respond, summary judgment, if appropriate, shall be entered against him.'

"The purpose of this amendment was to overcome some judicial authority, notably in the Third Circuit, to which we shall subsequently refer, that affidavits could not cut through well-pleaded allegations. This restriction upon summary judgment was repudiated by the 1963 amendment, *supra*, in favor of the *contra* and well-established, sound doctrine subsequently discussed."

In further amplification the treatise subsequently says at page 2822:

> "The 1963 amendment was declaratory of the sound rule, almost universally subscribed to outside the Third Circuit, that pleadings themselves could not stand in the way of granting an otherwise justified summary judgment. The principle of the amendment should be made fully effective. And while pleadings are to be construed liberally in favor of the pleader on a motion to dismiss or for judgment on the pleadings, when such a motion is turned into a motion for summary judgment the party opposing summary judgment must normally disclose the merits of his case or defense; and his failure to do so ends his entitlement to the rule of liberally construing the pleadings in his favor."

Further recognition of Professor Moore's analysis is found in *International Longshoremen's & Warehousemen's U. v. Kuntz*, 334 F.2d 165 (1964) (9th Cir.), where the following appears in Footnote No. 4 on page 168 of the report:

> "Where it is apparent that the court below had before it and considered matters outside the complaint, the Court of Appeals is not bound by the fact that the appeal is, in form, from a motion to dismiss. *Dinwiddie v. Brown*, 230 F.2d 465, 468 (5th Cir. 1956); *Lane Bryant, Inc. v. Maternity Lane, Ltd.*, 173 F.2d 559 (9th Cir. 1949.) Rather, it is to be treated as a motion for summary judgment as permitted by Rule 12 (b), F.R. Civ. P. In this connection, the Second Circuit, observed that '* * * [D]efendants' filing of affidavits with their motion for summary judgment, F.R. [Civ. P.] 12(b) and placed upon plaintiff an obligation to disclose the merits of their case.' Plaintiff's failure to do so ends their entitlement to liberal construction of the pleadings in their favor."

It follows that Petitioner's argument "that pleadings are to be liberally construed in favor of the party opposing the motion and the court is required to take the view most favorable to the party opposing the motion, giving that party the benefit of all favorable inferences" (Petition 13) simply ignores the 1963 amendment to Rule 56(e). The District Court (A28-29, 32, 38) and the Court of Appeals (A11-12) fully understood and correctly applied the rule as it now stands.

II. The Authorities Relied Upon by the Petitioner Do Not Support His Position under Rule 56(e) F.R.C.P. and Are Based Upon Quite Different Factual Situations Than Those Which Here Prevail.

On pages 13 and 14 of his Petition, Petitioner cites authorities allegedly supporting his claim that the Court misapplied the requirements of the Federal Rules of Civil Procedure with respect to the consideration of motions for summary judgment. These cases simply do not support Petitioner's position and are based on quite different facts from those here presented.

Poller v. Columbia Broadcasting System, Inc., et al., 368 U.S. 464, did not involve a situation where one resisting a motion for summary judgment merely relied upon the breadth of his pleadings to refute affidavits filed pursuant to Rule 56(e). Rather, in *Poller*, the majority of the court, in a five to four decision, concluded upon the basis of affidavits *and counteraffidavits, depositions and exhibits* that there was disclosed "a genuine issue for trial" Rule 56(e) F.R.C.P. As the majority opinion put it:

> "It may be that upon all of the evidence a jury would be with the respondents. But we cannot say on this record that 'it is quite clear what the truth is.'

Certainly there is no conclusive evidence supporting the respondents' theory." 368 U.S. at pp. 472, 473.

In *McHenry v. Ford Motor Co.*, 269 F.2d 18 (1959), it is apparent from a reading of the opinion that the motion for summary judgment was determined upon the pleadings and did not involve affidavits or counteraffidavits of evidentiary facts. At page 23 of the report the court said:

"*Under these pleadings* the material facts of the case were disputed." (Emphasis supplied.)

In appraising the pleadings, the Court did recognize that "the pleadings are to be liberally construed in favor of the party opposing the motion." 269 F.2d at page 22. Moreover, *McHenry* was decided prior to the 1963 amendment in Rule 56(e). Clearly, it provides no authority for the issue presented here.

Ransburg Electro-Coating Corp. v. Lansdale Finishers, Inc., 484 F.2d 1037 (1973) (3rd Cir.), is equally inapposite to the issue here presented. It stands for no more than that on summary judgment the record must conclusively disclose, i.e., without "genuine issue as to any material fact," that the motion for summary judgment should be granted. Both courts below recognized the validity of this concept and applied it to the uncontroverted facts here presented in Respondent's affidavits.

III. The Courts Below Recognized and Correctly Applied the Rules of Walker and Zenith.

Petitioner complains that the Courts below did not properly follow this Court's decisions in the cases of *Walker Process Equipment, Inc. v. Food Machinery & Chemical Corp.*, 382 U.S. 172 and *Zenith Radio Corp. v. Hazeltine Research, Inc.*, 401 U.S. 321. Plaintiff's argument fails to sup-

port his position with respect to either case and examination of the opinions below discloses the contrary.

Petitioner argues here, as he did in the Court of Appeals, that an attempt by the holder of a fraudulently procured patent to enforce the patent constitutes a per se violation of the antitrust laws (Petitioner's brief, p. 10). This position was properly rejected by the Court of Appeals (Footnote 4, A13). In the language of this Court, its holding was that: "Proof" of the "assertion" that one obtained a "patent by knowingly and willfully misrepresenting facts to the patent office" would be sufficient to strip the holder of the patent thereby obtained "of its exemption from the antitrust laws." 382 U.S. 172 at p. 177. It is apparent that this Court did not thereby create a new per se violation of the antitrust laws. Moreover, after establishing the criteria for stripping a patentee of the patent defense, it went on to say:

> "To establish monopolization or attempt to monopolize a part of trade or commerce under §2 of the Sherman Act, it would then be necessary to appraise the exclusionary power of the illegal patent claim in terms of the relevant market for the product involved. Without a definition of that market there is no way to measure [the Patentee's] ability to lessen or destroy competition."

Not only does Petitioner misread *Walker* but it also fails to bring itself factually within the reading for which it contends. Essential to any application of *Walker* would be the fact that the patents involved, enforcement of which is claimed to have violated the antitrust law, were knowingly obtained by fraud. No such fact was established or attempted by Petitioner to be established by affidavit or other evidence as required by Rule 56(e) F.R.C.P.

In the Courts below, and again here (Petition 17, 19), Petitioner relies to support its claim of Respondents' fraud in obtaining patents, exclusively on findings of the District Court for the Southern District of New York in *Barr Rubber Products Co. v. Sun Rubber Co.*, 277 F. Supp. 484. Clearly, such findings are of no evidentiary value in this case. Moreover, contrary to the contention of Petitioner that the reversal of such findings was based solely on dissatisfaction by the Court of Appeals with the burden of proof applied by the District Court (Petition 17 and 18), the Court of Appeals in *Barr Rubber Products* categorically rejected the District Court's findings of fraud as contrary to the evidence, no matter what burden of proof were applied.

In *Barr Rubber Products Co. v. Sun Rubber Co.*, 425 F.2d 1114 (2d Cir. 1970), cert. denied, 400 U.S. 878, the Court stated the issue before it as follows:

> "Upon appeal, therefore, central to a disposition of the multitude of issues inherent in this case, must necessarily be a ruling upon whether there was an intentional fabrication of evidence as the district court found there to have been." Page 1120.

True it is that, in deciding this central question the Court of Appeals held that the District Court had employed an improper rule as to burden of proof. Thereafter, however, the Court clearly concluded that, *"under any rule of proof,* there was no evidence to support the charges, saying at page 1121:

> "Furthermore, irrespective of the failure of the court below to apply the proper standard of proof, we hold that the evidence did not suffice to prove the commission of perjury even if the 'preponderance of the evidence' standard is applied as the test. * * * In holding that the invention date of April 1948 was a deliberate fiction,

> the court relied upon a multitude of scattered inferences which were unreasonably drawn from flimsy evidence."

In the face of this state of facts the District Court and the Court of Appeals were both clearly correct in their conclusion that the record below showed no fraudulent concealment on the part of Respondents which would entitle Petitioner to toll the running of the Statute of Limitations.

Similarly, Petitioner misconstrues *Zenith Radio Corp. v. Hazeltine Research, Inc.*, 401 U.S. 321 (1971), and wholly fails to establish its entitlement to the rule of that case.

At the outset, *Zenith* restates the long established rules with respect to the effect of the Statute of Limitations in antitrust actions saying at page 338:

> "The basic rule is that damages are recoverable under the federal antitrust acts only if suit therefor is 'commenced within four years after the cause of action accrued,' 15 U.S.C. §15b, plus any additional number of years during which the statute of limitations was tolled. Generally, a cause of action accrues and the statute begins to run when a defendant commits an act that injures a plaintiff's business. See, e.g. *Suckow Borax Mines Consolidated, Inc. v. Borax Consolidated, Ltd.*, 185 F. 2d 196, 208 (CA 9 1950); *Bluefields S.S. Co. v. United Fruit Co.*, 243 F. 1, 20 (CA 3 1917), appeal dismissed, 248 U.S. 595 (1919); *2361 State Corp. v. Sealy, Inc.*, 263 F.Supp. 845, 850 (ND Ill. 1967). This much is plain from the treble-damage statute itself. 15 U.S.C. §15. In the context of a continuing conspiracy to violate the antitrust laws, such as the conspiracy in the instant case, this has usually been understood to mean that each time a plaintiff is injured by an act of the defendants a cause of action accrues to him to recover the damages caused by that act and that, as to those

damages, the statute of limitations runs from the commission of the act."

The only change in previously established rules for the operation of the Statute of Limitations made by *Zenith* was that damages resulting from the last injurious act, committed in violation of the antitrust laws, will be barred four years after they become provable, rather than four years after the occurrence of the act causing such damages. The purpose of the change was to protect an injured party whose damages might still be speculative as to proof at the expiration of four years after the occurrence of the damaging act by extending the running of the statute to commence at the time when the damages ceased to be speculative and became provable. Once the date of the last act, committed pursuant to an antitrust conspiracy, which causes injury to the plaintiff has been established, the plaintiff and the plaintiff alone, is possessed of the information upon which proof of his damages can be made. Further, the plaintiff, and the plaintiff alone, is the only person capable of demonstrating that damages, at one time speculative, have ripened into a provable state. These facts are wholly without the knowledge of the defendant.

The Courts below recognized the rule of *Zenith* and then held that *Zenith*, in this case, could not be deemed to have extended the Statute of Limitations for a period beyond four years from the date of the last damaging overt act committed by the defendants because there was no proof of evidence of any kind adduced by the plaintiff to show that damages which it might have suffered within the statutory period were then speculative in nature, but thereafter ripened into a situation where they were capable of non-speculative proof. In reaching such a conclusion, the Courts below clearly followed, rather than ignored, or misapplied, the rule of *Zenith*.

CONCLUSION

Upon the only evidence available to them, the Courts below each found as an uncontroverted fact that the last alleged act claimed to have caused injury to the plaintiff occurred more than four years prior to the commencement of any of the actions below (CA A11-14, District Court A27-29). No evidence whatever having been submitted by affidavit, deposition, exhibit or otherwise to the contrary and no evidence in avoidance thereof having been adduced with respect to the later ripening of proof of damages, theretofore speculative or of fraudulent concealment on the part of the defendants, or any of them, the decisions of the lower courts clearly were correct.

The Petition for Writ of Certiorari should be denied.

Respectfully submitted,

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SUPREME COURT, U. S.
FILED
SEP 27 1974

Supreme Court of the United States

October Term, 1974
No. 74-207

AKRON PRESFORM MOLD COMPANY,
Petitioner,

vs.

McNEIL CORPORATION, *et al.*,
Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

BRIEF OF RESPONDENT SUN CORPORATION IN OPPOSITION

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September 26, 1974

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BRIEF OF RESPONDENT SUN CORPORATION IN OPPOSITION

STATEMENT OF THE CASE

The factual setting for these three consolidated cases is presented by the Sixth Circuit under the heading "Historical Background" (Petitioner's Appendix A7-9) far more accurately than that set forth by the Petitioner's Statement. In particular, the Petitioner's statement is misleading with respect to the reversal by the Second Circuit in the case of *Barr Rubber Prods. Co. v. Sun Rubber Co.*, 425 F.2d 1114 (2d Cir.), *cert. denied*, 400 U.S. 878 (1970) and the reasons for that reversal. The Sixth Circuit stated (Petitioner's Appendix A8):

> "The Court of Appeals for the Second Circuit later reversed the findings of the New York District Court relating to 'fraud' and 'perjury' as clearly erroneous and reversed the holding of invalidity of the Molitor patent. The case was remanded to the District Court for new trial solely on the issue of patentability."

The statement of the Sixth Circuit continues by pointing out that the present consolidated actions were brought after the New York District Court's decision but prior to the reversal by the Second Circuit of the findings of fraud and perjury.

ANALYSIS OF PETITIONER'S "QUESTIONS PRESENTED"

Most, if not all, of Petitioner's "Questions Presented" are questions which were either not decided by the court below, primarily because there was no factual basis in these cases for deciding them, or are of such an insignificant nature that they do not merit consideration by this Court, there being no conflicting decisions of the circuit courts nor any clarification of a decision of this Court necessary, and because only the litigants herein could be affected by the answers thereto.

The following will demonstrate the inadequacy of these questions with respect to certiorari.

Question 1:

The first part of this question reads as follows:

> 1. Where conspirators work active frauds on the Courts to secure and maintain an adjudication of contributory infringement of a patent in order to monopolize the substantial relevant markets to which the

> patent pertains and thereafter further conspire to reinforce that objective, does the thereby falsely adjudicated contributory infringer, enjoined for the balance of the life of the patent, have a cause of action for violation of the anti-trust laws of the United States?

This is really a question relating to whether Petitioner stated a cause of action in its three Complaints—a question admitted for the purposes of the Motions to Dismiss brought by Respondents and granted by the courts below. The answer to this part of Question 1 is clearly Yes, if timely brought.

However, part (a) of question 1 makes the further inquiry:

> "does not the cause of action of the fraudulently adjudicated contributory infringer continue to accrue until the injunction expires upon expiration of the patent?"

Insofar as the accrual of a cause of action is important to the commencing of the applicable statute of limitations, all existing authority, based on decisions of this Court and the various circuit courts, are in agreement that the answer to this question is No. As the Sixth Circuit stated in the decision below:

> "This statute of limitations commences to run from the commission of the last overt act causing injury or damage. *Zenith Radio Corp. v. Hazeltine Research, Inc.*, 401 U.S. 321, 338 (1971); *Garelick v. Goerlich's, Inc.*, 323 F.2d 854, 855 (6th Cir. 1963)." (Petitioner's Appendix A11)

Certainly, there is no reason for this Court to grant certiorari to expound again upon this universally established doctrine.

Question 2:

In the proceedings at the District Court, Respondents established by affidavit and other evidence that each act complained of in the three separate complaints occurred more than four years before the complaints were filed. Petitioner presented no facts or dates other than those alleged in the complaints and the actions were accordingly, and properly, dismissed. Somehow, Petitioner now raises, as a question presented, the following:

> 2. Where the defense of the statute of limitations is asserted in a motion to dismiss brought by a defendant in a private Federal anti-trust suit, is the burden of proof on the moving defendant to prove that the statutory time (four years) has elapsed after the cause of action accrued or is the burden of the plaintiff to prove he brought the action in sufficient time after it accrued?

If this were a question at all, it would more properly be phrased as follows: Once a defendant has established by uncontroverted evidence that all overt acts forming the bases for alleged conspiracies occurred more than four years prior to the commencement of the litigations, can a plaintiff sit back and not demonstrate that some overt act causing damage occurred during the four year period? The answer to this question is clearly No.

Question 3:

Petitioner's third question is not related to any fact in any of the three consolidated litigations. It reads:

> 3. What standard of diligence, if any, obligates an accused contributory infringer to discover a pending U. S. patent application filed and then abandoned

by his accuser if his accuser does not disclose voluntarily the existence of such patent application that would absolve the accused contributory infringer?

Petitioner's three complaints, which form the only factual bases for its arguments, do not mention "a pending U. S. patent application filed and then abandoned" and, therefore, this question is purely hypothetical, assuming facts not of record, was not an issue at the District Court or Court of Appeals and is not an issue for this Court.

Question 4:

Petitioner's fourth question is likewise not related to the decision of the court below. It reads:

4. Where a motion to dismiss, on the ground that a statute of limitations has run, has been filed, may Courts extrapolate from undenied pleadings and resolve inferences in favor of the movant?

Whether or not it is proper to resolve inferences one way or another, the decision of the court below was not based on any inferences from the record but rather on the fact that no genuine issues of material fact existed so as to render summary judgment improper.

Question 5:

Petitioner's final question relates to the issue of collateral estoppel under which Respondent Sun prevailed in one of the three litigations (Civil Action C68-488; Appeal No. 73-1556). The question posed by Petitioner reads:

5. Is a private claimant for damages under the Federal anti-trust laws collaterally estopped from asserting damages to himself arising from acts which were held in other litigation brought by an unrelated

claimant to be insufficient support for the claims of such unrelated claimant?

As such, it appears to present an interesting question—but one not related to the facts of this case. The question posed presupposes that the court below based its collateral estoppel decision on a previous litigation "brought by an unrelated claimant." But the Sixth Circuit based its decision upon the previous litigation of *National Latex Prods. Co., et al. v. Sun Rubber Co.*, 274 F.2d 224 (6th Cir. 1959), in which the Petitioner was clearly named as a party-appellant (Petitioner's Appendix A15-16).

ARGUMENT AGAINST PETITIONER'S REASONS FOR GRANTING THE WRIT

While it is not always totally apparent, there appears to be some degree of correlation between Petitioner's five "questions presented" and the five "reasons for granting the writ." But, because these "reasons" expand upon and often depart from the "questions presented," comment upon each by Respondent Sun appears warranted.

1. There Is No Conflict Between the Decision Below and This Court's Decision in Walker.

In attempting to avoid the effect of the statute of limitations, the Petitioner urged to the court below that the decision of *Zenith Radio Corp. v. Hazeltine Research, Inc.*, 401 U.S. 321 (1971), should control because, even though all overt acts causing damages were admitted by Petitioner to occur more than four years prior to the filing of the complaints (Petitioner's Appendix A12), the

damages resulting from the overt acts were speculative. But Petitioner was unable to show that any damages were speculative and it has therefore argued, unsuccessfully, that its causes of action were speculative because they were not viable until this Court's decision in *Walker Process Equip., Inc. v. Food Machinery & Chem. Corp.*, 382 U.S. 172 (1965).

Petitioner now argues that this Court should grant certiorari to clarify when a cause of action brought under *Walker* accrues. But no such clarification is necessary since it is already clear from *Zenith* and its line of cases that the conspiracy cause of action accrues from the time of the last overt act causing damage. It is apparent that no question suitable for a decision by this Court exists.

Even if this Court felt that the question posed by Petitioner were suitable for its consideration, the decision of the Court of Appeals is correct. It is evident that the Court of Appeals clearly saw through Petitioner's arguments when it held (Petitioner's Appendix A13) that conspiracy causes of action, such as alleged in all these cases herein, existed long before the *Walker* decision and therefore with respect to conspiracies *Walker* did not render actionable that which previously was not. Rather, *Walker* merely announced what the law had always been with respect to fraudulently obtained or maintained patents, whether a conspiracy or not. Petitioner argues that the court below held that *Walker* does not reach conspiracies. Such is not the case. As quoted by the Petitioner, the Court did say that "*Walker* says nothing about conspiracy claims" (Petitioner's Appendix A13) but the Court was talking about conspiracy charges other than alleged conspiracies to maintain a patent obtained by fraud. Thus, Petitioner attempts to use *Walker* as an excuse for not

earlier bringing its causes of action yet other parties, namely, *Barr Rubber Products Co.* (represented by the same counsel as Petitioner), brought substantially the same conspiracy charges against Respondent Sun long before the *Walker* decision.

Throughout its argument, in this section of its brief and others, Petitioner mentions an abandoned U. S. patent application (the existence of which was not a fact of record herein) as showing Respondent's knowledge of a substantial non-infringing use of the Molitor patent (see Petitioner's Brief, p. 11). The fact of such a use was allegedly hidden from Petitioner to obtain the injunction which allegedly closed Presform's doors and was said to be the very foundation of the conspiracy causes of action. Yet the record is clear that counsel for Petitioner had knowledge of such non-infringing use prior to the issuance of the injunction. See Appendix at the end of this brief, p. 18, par. 5.

Respondents have shown to the District Court and the Court of Appeals that the major act complained of by Petitioner, the injunction against Presform in the *National Latex* litigation, occurred in 1960 and that this was the last overt act complained of in at least one of the three complaints. Petitioner argues that since the injunction did not end until 1970, it was a continuing act and *Zenith* held that the limitations under the statute "do not commence to run until the *end* of the last harmful act" (Petitioner's Brief, pp. 11-12, emphasis added). It is evident, however, that such was not the holding of *Zenith* nor did the Court of Appeals so construe it. Rather, the Court of Appeals properly cited *Zenith* for the rule that the "statute of limitations commences to run from the *commission* [not the end] of the last overt act causing injury or damage" (Petitioner's Appendix A11, emphasis

added), and also recognized the exception to that rule, carved out by *Zenith*, where the damages flowing from that last overt act are speculative.

In addition, if Petitioner is attempting to argue that the injunction represented a continuing conspiracy, the cases are clear and without conflict on the point that "in a continuing conspiracy causing continuing damage without further overt acts, the statute of limitations runs . . . from the time the blow which caused the damage was struck." *Steiner v. Twentieth Century-Fox Film Corp.*, 232 F.2d 190 (9th Cir. 1956).

In short, Petitioner has shown no error by the Court of Appeals with respect to the interpretation of *Walker* or *Zenith*. *Zenith* applies to speculative damages not speculative causes of action, and in any event it is clear that Petitioner's conspiracy causes of action were not first rendered actionable by *Walker*.

2. The Court of Appeals Followed Its Decisions and Those in Other Circuits in Properly Ruling on the Burden of Proof in Motions for Summary Dismissal.

In this section of its brief, particularly at the top of page 13 thereof, Petitioner again demonstrates that its causes of action were based on overt acts occurring more than four years prior to the filing of the complaints. As such, Petitioner's only recourse or "out" was to avail itself of the *Zenith* rule or fraudulent concealment rule. Based on the only facts of record offered by Petitioner, that is, the allegations found in its three complaints, the court below affirmed the District Court's finding that Petitioner's complaints did not show that these cases fell within the *Zenith* or fraudulent concealment doctrines. Petitioner complains that it did not obtain the benefit of all favorable

inferences but does not point to a single inference improperly drawn by the courts below.

At page 14 of its brief Petitioner states: "No current authority has been found which . . . shifts to the party opposing the motion the burden of proving the negative of the claimed defense." Such a statement readily demonstrates the futility of Petitioner's position. Respondents each demonstrated by affidavit and other exhibits prima facie evidence of the applicability of the statute of limitations defense. If for some reason (such as *Zenith* or fraudulent concealment) that defense should not apply, it is up to Petitioner (not Respondents) to bring forth the facts which would demonstrate that the defense raised by Respondents is inapplicable. Petitioner was unable or failed to do so and now blames the court below for its inability or failure.

Petitioner argues that the Court of Appeals failed to follow its own decision in *McHenry v. Ford Motor Co.*, 269 F.2d 18 (6th Cir. 1959). But the court properly relied on *McHenry* to affirm the District Court:

> "Following the mandate of *McHenry*, we, therefore, conclude that the District Court properly disposed of these cases by means of summary judgment for the appellees." (Petitioner's Appendix A17)

Such clear following of established precedent does not present a question for decision by this Court.

3. The Court Below Did Not Hold That Plaintiff Is Barred by the Statute of Limitations for Failure to Locate Statutorily Privileged Documents.

Petitioner, in this section, relies on "one document," a Sun abandoned U. S. patent application, which allegedly

shows that Respondent Sun knew of a non-infringing use which allegedly, but not actually, would have absolved Petitioner of its infringement. Respondent Sun needs to go no further than to state, as stated hereinabove, that this document was not of record before either of the courts below, that is, it was not referred to in the complaints nor offered in rebuttal to Respondents' motions for dismissal. How then could the court below have made the allegedly erroneous holding regarding this document which was never before it?

Be that as it may, Petitioner now uses this document, a document hypothetical at best to these litigations, as evidence that Respondent Sun knew what Petitioner did not, that is, of the existence of a non-infringing use. But the only facts of record show that Petitioner itself did know of the non-infringing use when the injunction issued. See Appendix at the end of this brief, p. 18. And even if it hadn't known of that fact, the court below properly held that mere ignorance of one's rights will not toll the statute of limitations under the fraudulent concealment rule. *Crummer Co. v. Dupont*, 255 F.2d 425, 432 (5th Cir.), *cert. denied*, 358 U.S. 884 (1958). Petitioner, in the allegations of its complaints, the only allegations of record taken as facts for purposes of the motions below, did not demonstrate anything more than mere ignorance of its rights and, in the particular instance complained of in this section of its brief, the facts demonstrate that it was not even ignorant.

This Court should not be called upon to render a decision on a hypothetical issue based on hypothetical facts not of record in the courts below.

4. Amplification of Poller Is Not Necessary and Would Be Irrelevant to the Decision Below.

After asking this Court to speculate as to a document not in evidence, Petitioner accuses the courts below, particularly the District Court, of having speculated as to facts not of record. However, the court made no such speculation. The complaint was silent as to ascribing any time for Petitioner's cessation of business and Petitioner did not offer any fact showing that it was in business after July 3, 1964. Therefore, the District Court was unable to place a time on that event but, contrary to the argument of Petitioner, did not speculate or conclude that the event occurred before July 3, 1964. Rather, the District Court assumed that even if Petitioner went out of business after that date, granting of the motions to dismiss would not be precluded (Petitioner's Appendix A29).

Thus, Petitioner has not shown the existence of any speculation by the courts below and in the instance of alleged speculation complained of, the decision of the District Court makes it clear that even if Presform went out of business in 1965, that fact would not be dispositive of the issue. Certainly, this Court should not grant certiorari to review an issue which not only does not exist but which also would not be dispositive of the case in any event.

5. The Sixth Circuit Correctly Applied the Doctrine of Collateral Estoppel With No Restatment by the Supreme Court Being Required.

As an alternate ground for dismissing the complaint in one of the three actions, Civil Action C68-488, Appeal No. 73-1556, the Court of Appeals affirmed the District Court's finding that Petitioner's claim was barred, as to Respondent Sun, by the doctrine of collateral estoppel

with respect to the earlier *National Latex* decision to which Presform and Sun were parties. As to the other cases and the other Respondents, the motions to dismiss based on res judicata or collateral estoppel were denied, primarily as insufficiently briefed, without prejudice to their renewal (Petitioner's Appendix A24-25, A31 and A36-37).

Despite the Sixth Circuit's clear holding (Petitioner's Appendix A15) that the matters which Petitioner would now seek to litigate have been or could have been litigated previously in the *National Latex* litigation between Presform and Sun, Petitioner continues to misunderstand or misinterpret the holding and attempts to assert that the collateral estoppel holding is based on the *Barr v. Sun* New York litigation. In this regard, see Petitioner's question 5 of the issues presented and the commentary on that question herein. Presform also indicates that the Sixth Circuit had previously forewarned that it would strike down its complaints based on the *Barr v. Sun* litigation when Presform sought to reopen the *National Latex* suit. But one searches in vain in the Sixth Circuit's decision to deny reopening (Petitioner's Appendix A41-45) to find any such statement by the Court.

In criticizing the holding of the court below that because the Second Circuit reversed its District Court's finding of fraud and perjury, Presform cannot claim it did not sleep on its rights because such irregularities came to light in the District Court action in New York, Petitioner refers to the Second Circuit's dissatisfaction with the quantum of proof applied by the District Court to sustain a charge of perjury.

The utter futility of this criticism is apparent from that part of the Second Circuit decision immediately following that reproduced ending at the top of A48 of Peti-

tioner's Appendix wherein the Second Circuit held at page 1121 that the evidence did not support the perjury charge regardless of the standard of proof applied by the District Court, as follows:

> "[6] Furthermore, irrespective of the failure of the court below to apply the proper standard of proof, we hold that the evidence did not suffice to prove the commission of perjury even if the 'preponderance of the evidence' standard is applied as the test."

Petitioner further misconstrues the doctrine of collateral estoppel by continuing to argue allegations of fact (see page 19 of its brief, for example) which it would like to raise. However, as correctly held by the court below, these facts, be they new or old, go to issues which were litigated many years ago (Petitioner's Appendix A16). Petitioner feels that, because it (through lack of diligence) did not present all the facts which were pertinent to the issues raised in *National Latex* and again in the present cases, it should be able to relitigate the same issues now. The courts below properly refused to permit such repetitive and burednsome litigation and Petitioner has failed to point out where there is a necessity for this Court to review a decision properly founded on the doctrine of collateral estoppel, particularly where this Court's review of that issue alone would not be dispositive of all the litigations for all the parties.

CONCLUSION

Petitioner's issues and arguments are of little significance to parties other than the present litigants. The questions raised are either hypothetical, non-existent, or based on misunderstanding of the Sixth Circuit's decision. Further, the decision below is not in conflict with any decision of this Court nor of any other circuit court. The decision by the court below is well founded in all respects and should be left unaltered to end, once and for all, a series of litigations which have burdened the courts for many years.

Respectfully submitted,

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Attorney for Respondent Sun Corporation

APPENDIX

Exhibit 17 in the Exhibits of Appendix Filed in the Sixth Circuit Court of Appeals

OLDHAM & OLDHAM
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Akron 8, Ohio

June 29, 1960

E. R. Hamilton, Esq.
2505 First National Tower
Akron 8, Ohio

Dear Mr. Hamilton:

In furtherance to our verbal discussions looking towards settlement, we know that both Sun Rubber and Akron Presform will encounter extensive time, uncertainties, delay and expense in a hard fought accounting. From what we can find in the established authorities there appears to be little or no law on many of the problems that will be encountered in any thoroughgoing accounting with our set of facts. We as attorneys probably owe a duty to our clients to settle what could be a very vexatious accounting.

A few of the difficult facts, and some of the established law include the following:

1. There has been no infringement of Martin and Rekettye. The Miller machine is free and clear. How far can any court or master go, damage-wise, in holding the sale of these free machines to be damaging to plaintiff?

2. Did plaintiff itself have machines available for sale which it could not sell because of the sale of the Miller machines? Did other companies have machines available for sale?

3. Did the sale of the Miller machines actually damage Sun Rubber or did it help Sun Rubber in getting its process performed efficiently? Can Sun Rubber prove the difficult matter of damages?

4. It is well settled that there can be contributory infringement only if there is direct infringement. The only direct infringement proven is that of the Miller machines used at National Latex. Does Sun Rubber have to prove direct infringement by purchasers of Miller machines? How can this be done without the customers having to be sued and having their day in court?

5. A number of the Miller machines were sold out of the United States, *others for use with non-infringing materials*. The use of a machine may change from day to day, and Akron Presform has no control over such use. (Emphasis supplied.)

Summarizing, it would appear that both parties might well benefit from an exploration of settlement in an effort to dispose of the matter on a reasonable basis based on a percentage of the price of the machines. Do you want to talk further on this basis? If so, might I suggest the matter might well be expedited if from the beginning the principals of the parties were brought into conference along with their lawyers.

Very truly yours,

OLDHAM & OLDHAM

By /s/ A. H. OLDHAM

SEP 28 1974

MICHAEL RODAK, JR., CLERK

Supreme Court of the United States

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Respondents.

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

BRIEF OF RESPONDENT McNEIL CORPORATION IN OPPOSITION

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Supreme Court of the United States

October Term, 1974

No. 74-207

AKRON PRESFORM MOLD COMPANY,
Petitioner,

vs.

McNEIL CORPORATION, *et al.*,
Respondents.

ON PETITION FOR WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

BRIEF OF RESPONDENT McNEIL CORPORATION IN OPPOSITION

STATEMENT

This litigation was commenced on July 3, 1968 as three separate actions. The Complaints allege unlawful conspiracies involving the Respondents, McNeil Corporation ("McNeil"), Sun Corporation ("Sun"), and The B. F. Goodrich Company ("Goodrich"). Respondent McNeil is a party to two of the three actions.

Central to this and other related litigation matters is Respondent Sun's Molitor U.S. Patent No. 2,629,134 ("Molitor Patent"), which expired on February 24, 1970. At a time in the past the Molitor Patent was of some sig-

nificance in the plastics molding industry with some twenty licensees thereunder and a number of litigation matters precipitated thereby. Since 1970, however, the licensees no longer pay royalties, all litigation matters except this action have been disposed of and the former significance of the Molitor Patent has diminished to a matter primarily of historical interest.

Although not directly pertinent to the precise bases for the dismissal of these cases below, Petitioner's statement[1] with respect to the disposition of the Second Circuit litigation (P. 5-7)[2] is sufficiently incomplete as to be misleading as to the substantive merits of the allegations contained in the dismissed complaints herein. The Second Circuit District Court in *Barr v. Sun*, 277 F. Supp. 484 (S.D.N.Y. 1967), 425 F.2d 1114 (2d Cir.), *cert. denied.*, 400 U.S. 878 (1970), considered conspiracy allegations paralleling those herein with respect to the Respondents, McNeil and Goodrich, in relation to the party Sun and found them to be "baseless in fact or in law or both" (277 F. Supp. 484 at 505). This conclusion was affirmed by the Court of Appeals for the Second Circuit in the following words: "We agree" (425 F.2d 1114 at 1127).

In addition, Petitioner's statement in the characterization of the Second Circuit decision with respect to the fraud and perjury issues suggests that the Second Circuit disputed some findings of the trial court, was dissatisfied with the notice provided to the party Sun of the existence of such issues and an insufficiently recited standard of proof for such findings, and remanded for retrial on questions of validity of the Molitor Patent (P. 7). Actually

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[1] A more complete history of this and related cases is presented in the District Court Decision here below under the heading "Background" (A. 19-22).

[2] Petitioner's Petition for Writ of Certiorari so indicated herein.

the Second Circuit Court of Appeals found that the New York District Court committed procedural error by applying an improper standard of proof in regard to the fraud and perjury issues and concluded, irrespective of the standard of proof applied (425 F.2d at 1121), after an extended review of the proofs involved (425 F.2d 1114, 1121-1125), that "The District Court's finding of perjury was clearly erroneous" (425 F.2d at 1125). In noting the reliance placed herein by Petitioner on the New York District Court fraud and perjury findings, the Court of Appeals here below significantly stated:

> "The fact that the Second Circuit remanded the case for new trial on the issue of patentability does not detract from the Second Circuit's decision reversing the District Court's findings of fraud and perjury." (A. 13)

ANALYSIS OF PETITIONER'S "QUESTIONS PRESENTED"

Petitioner's "Questions Presented" do not readily lend themselves to analysis since, as is hereinafter detailed, they are based upon facts not of record, pose hypothetical questions, and/or raise matters not considered or decided by the Court of Appeals' decision below.

These substantial deficiencies in each of the first four questions addressed to the aspects of the decisions below extending to McNeil make it difficult, if not impossible, to pose rephrased questions in a meaningful form. Accordingly, McNeil will not attempt to create nonexistent questions, but relies on the hereinafter demonstrated absence of any question of which this Court should take cognizance.

RESPONSE TO PETITIONER'S REASONS FOR GRANTING THE WRIT AND REASONS WHY THE WRIT SHOULD NOT BE GRANTED

FIRST QUESTION: The first question presented by Petitioner was not decided by the Court of Appeals below, and is in two parts which neither separately nor in combined form present a question which is supported by the record herein.

The first part of Petitioner's first question states:

> "1. Where conspirators work active frauds on the Courts to secure and maintain an adjudication of contributory infringement of a patent in order to monopolize the substantial relevant markets to which the patent pertains and thereafter further conspire to reinforce that objective, does the thereby falsely adjudicated contributory infringer, enjoined for the balance of the life of the patent, have a cause of action for violation of the anti-trust laws of the United States?" (P. 2)

This question appears to raise an issue as to whether a cause of action is stated by allegations of the Complaint in Case No. C68-487 below. Since the dismissal of these cases is predicated insofar as Respondent McNeil is concerned, on the statute of limitations, the question of whether one or more Complaints in the cases below state a cause of action is totally immaterial. Further, such a question was not presented to either the District Court or the Court of Appeals and there was, necessarily, no decision rendered below in this respect.

Part (a) of question 1 makes a further query as follows:

> "(a) and, if so, does not the cause of action of the fraudulently adjudicated contributory infringer continue to accrue until the injunction expires upon expiration of the patent?" (P. 2)

This question is predicated upon a premise directly contrary to an express finding of fact by the District Court upon uncontroverted evidence. In addition, the question was not raised on appeal and therefore not decided by the Court of Appeals. The Petitioner, in characterizing this question as "unsolved" because "avoided by the Courts below or which eluded them" (P. 11) thus acknowledges the absence of a decision on such a question below.

Petitioner characterizes a 1960 injunction entered against Presform in conjunction with the issuance of the mandate in *Sun Rubber Co. v. National Latex Products Company, and Akron Presform Mold Company,* 159 F. Supp. 661 (N.D. Ohio), 274 F.2d 224 (6th Cir. 1959), *reh. den.* 276 F.2d 167 (1960), *cert. denied* 362 U.S. 989 (1960), as "a major prop, if not the very foundation of the conspiracy." Petitioner's argument is grounded on the contention that Presform was "falsely adjudicated" a contributory infringer for the reason that the Presform machines were also suitable for a substantial non-infringing use with respect to the process claims of the Molitor Patent and that there has been no denial that such knowledge was possessed by the opposing parties nor denial that such knowledge would have absolved Presform of the charge of contributory infringement (P. 11). These contentions, never having been presented or litigated, and, accordingly not deserving of denials, are totally hypothetical for the reason that there is documentation of record in this case which expressly demonstrates that Presform had knowledge of and even made contentions as to the existence of non-infringing uses for its machines at the time of the issuance of the 1960 injunction. The District Court in this case expressly found with respect to Petitioner's knowledge of the non-infringing use as follows:

> "In this respect, the evidence is uncontradicted that the plaintiff was informed by Sun in 1960 of the existence of a non-infringing use. See Exhibit 1 of McNeil. Accordingly, Presform cannot avoid the statute of limitations by means of the fraudulent concealment rule." (A. 33)

Since the document referred to by the District Court succinctly destroys the entire factual premise for this question, a copy is attached hereto as Addendum 1 and attention is respectfully directed to Paragraph 5 thereof.

Besides the total lack of any factual basis for this question there is no conflict with any prior decision of this Court or to Respondent McNeil's knowledge any other significant decision regarding this question.

Petitioner's argument concerning this question largely constitutes an obviously labored attempt to in some manner raise a question based upon statements made by the Court of Appeals below in dealing with factually unsupported contentions made by Petitioner below. Faced with an uncontroverted factual situation wherein it was noted by the District Court that all the overt acts complained of (A. 32) and the resultant damages were incurred (A. 33) more than four years before the filing of the complaints herein, thereby barring the claims under the controlling statute of limitations, Petitioner attempted to extricate itself in the Court of Appeals by certain strained interpretations of recent decisions of this Court. Petitioner now urges that the Court of Appeals attempts to clarify and dispose of its arguments raises confusion which requires clarification by this Court, and even goes to the extreme of misconstruing the Court of Appeals' decision in an effort to create this so-called confusion.

Petitioner accuses the Court of Appeals of implying that *Walker Process Equipment, Inc. v. Food Machinery & Chemical Corp.*, 382 U.S. 172 (1965), may not apply

to conspiracies to maintain a patent maintained by fraud. Since Presform had argued to the Court of Appeals that it had no cause of action until this Court decided the *Walker* case, the Court of Appeals in pointing out that *Walker* did not create a new-type cause of action with respect to conspiracies stated as follows:

> "Further, Presform contends that it was not until the Supreme Court's decision in *Walker Process Equipment, Inc. v. Food Machinery & Chemical Corp.*, 382 U.S. 172 (1965), that its cause of action became definite. In *Walker*, the Supreme Court held that fraud in the procurement and maintenance of a patent may be actionable under the anti-trust laws provided all other elements of a monopolization charge are proven. *Walker* says nothing about conspiracy claims, which are alleged in each of Presform's three actions, and thus plainly does not excuse Presform's delay in bringing its conspiracy charges." (Footnote omitted.) (A. 13)

Petitioner quoted only the last sentence of the Court's comments on *Walker* and thereafter erroneously concluded that the Court of Appeals held that "*Walker* does not reach to conspiracies." Taken in its full context, it is clear that the Sixth Circuit's statement, that "*Walker* says nothing about conspiracy claims," refers to conspiracy charges other than alleged conspiracies to maintain a patent obtained or maintained by active fraud, thereby providing no excuse for failing to timely assert the conspiracy charges herein. Further, although *Walker* represents the first time that this Court had decided the issue of whether the anti-trust laws permit private recovery for fraudulently obtaining and enforcing a patent provided the other elements of a monopolization charge are proven, earlier lower court decisions had sanctioned such causes of action. See, for example, *Clinton Engines Corp. v. Briggs & Stratton Corp.*, 175 F. Supp. 390 (E.D. Mich.

1959) and *Wooldridge Mfg. Co. v. R. G. LaTourneau Inc.*, 79 F. Supp. 908 (N.D. Cal. 1948). Since a party is required to go forward with a claim even when faced with a directly adverse precedent in situations where this Court has not spoken on a subject, it is abundantly clear that no excuse is provided when sanctioning authority exists although this Court has not established a precedent.

As a corollary to the erroneous contention that no definite or ascertainable cause of action existed until the *Walker* decision, Petitioner argued to the court below that until *Walker* its cause of action was speculative and that *Zenith Radio Corp. v. Hazeltine Research, Inc.*, 401 U.S. 321 (1971) therefore tolled the statute of limitations. The Court of Appeals' decision in pointing out that *Zenith* tolls the statute of limitations where "*damages* are speculative, not where the very existence of the *cause of action* is speculative" (A. 13) disposed of Petitioner's contention in this respect. Petitioner now apparently challenges this explanation by declaring that it is confusing "how damages would be other than speculative if the cause of action therefor is speculative" (P. 11). Since no question of the tolling of the statute of limitations would exist with respect to a speculative cause of action because the statute does not begin to run until such time as a cause of action has "accrued," Title 15 U.S.C. § 15b, the question of how damages would be other than speculative if the cause of action therefor is speculative would not seem to require clarification herein since the question not only is not reached herein but will never be reached.

Petitioner's final contention relates to the 1960 injunction which was entered at the termination of the *Sun v. National Latex* litigation. Petitioner contends that the injunction must be deemed a continuing act until expiration of the Molitor Patent in February of 1970. To the extent that such might be deemed an overt act by a party,

such is material only in the context of Petitioner's statement of the rule that *Zenith* provides that the statute of limitations does "not commence to run until the *end* of the last harmful act and damages have become certain" (emphasis added) (P. 11, 12). The Court of Appeals appropriately found that *Zenith* and other cases hold that "this statute of limitations commences to run from the commission of the last overt act causing injury or damage" (A. 11), rather than the "end" of the last harmful act as Petitioner contends *Zenith* holds. Since *Zenith* does not so hold and Petitioner points out no authority supporting this contention, the effect of which would totally defeat in many instances the purpose for a statute of limitations, as pointed out by the Court below in referring to this Court's decision in *Order of Railroad Telegraphers v. Railway Express Agency, Inc.*, 321 U.S. 342 (1944) (A. 11), no issue is presented for this Court's determination.

In view of this Court's practice with respect to hypothetical questions, particularly where not factually grounded on the record such as to affect the rights of the parties, no further comment on this question or its supporting argument is merited.

SECOND QUESTION: Initially, the decision below did not in any way turn upon an assignment of burden of proof with respect to establishing that the statutory time after accrual of the cause of action lapsed before filing of the complaints herein. McNeil and the other respondents herein demonstrated that all overt acts allegedly causing damage took place well prior to four years prior to the filing of the complaints herein, namely, about six and seven years in the '487 and '489 cases, respectively (A. 32, 38). Since there were no contrary allegations and no exhibits or other probative evidence submitted in behalf of Petitioner, the District Court noted that it had ex-

amined the pleadings, briefs and exhibits and found that it was "uncontradicted by the Plaintiff that the overt acts of the Defendants as alleged" (A. 32, 38) occurred more than four years prior to the filing of the complaints herein. Without allegation, affidavit, or other demonstration Petitioner endeavored to argue that the prima facie application of the statute of limitations did not apply for the reason that fraudulent concealment or the *Zenith* exceptions were applicable. Presform would seem to now argue that McNeil and the other respondents must necessarily demonstrate the absence of any possibility of exceptions to the application of the statute of limitations. This contention is fully answered by the District Court reference to this Court's holding in *First National Bank of Arizona v. Cities Service Company*, 391 U.S. 253, 289 (1968) with the following statement:

> "When a motion for summary judgment is made, 'a party cannot rest on the allegations contained in his complaint in opposition to a properly supported motion made against him.' " (A. 22-23)

Certainly without the existence of even allegations, let alone affidavits or other probative material, the burden of proof question cannot arise when all the proofs standing uncontroverted establish that the statute of limitations has run.

To the extent that it is understood, Petitioner's argument in support of this question appears to attribute to the Court of Appeals below, the position that the " 'commencement' of a conspiracy" (P. 13) commences the running of the statute of limitations. The Court of Appeals' comments with respect to acts commencing an alleged conspiracy were made in the context of determining whether any injurious, overt act occurred within four years of the filing of the complaints herein. The full context of the Court of Appeals' decision in this respect is as follows:

> "Since the complaints in the present action were filed on July 3, 1968, the first question is whether any injurious overt act has occurred since July 3, 1964. Presform admitted to the trial court that all acts commencing the alleged unlawful conspiracies began more than four years before the filing of the complaints in these actions, but contended that its antitrust claims were not barred because its claims fell within the *Zenith* and fraudulent concealment exceptions to the application of the statute of limitations." (A. 12)

Since it was established in the District Court and upon review by the Court of Appeals that "all the overt acts" (A. 32, 12) and therefore necessarily the last overt act as well as the resultant damage took place well before four years prior to the filing of the complaints, the factual situation falls directly within the controlling authority. Clearly, the courts below did not hold that, and the facts do not present a question as to whether, the commencement of a conspiracy commences the running of the statute of limitations.

Without pointing to a single instance where pleadings were not construed in Petitioner's favor and Petitioner was not given the benefit of all favorable inferences, Petitioner attempts to pose a question as to whether there is a conflict with a prior decision of this Court, *Poller v. Columbia Broadcasting System*, 368 U.S. 464 (1962) or a prior decision of the Court below, *McHenry v. Ford Motor Co.*, 269 F.2d 18 (6th Cir. 1959). The Court of Appeals' mindfulness of these construction principles is amply demonstrated by the following discussion:

> "Finally, Presform contends that these actions were inappropriate for disposition on summary judgment, Rule 56, Fed. R. Civ. P. Presform relies on *McHenry v. Ford Motor Co.*, 269 F.2d 18, 22 (1959),

wherein this court stated:

> 'It is the established rule of the federal courts in construing rule 56 that a summary judgment should be entered only in cases where there is no genuine issue as to any material fact . . . On considering such a motion the pleadings are to be liberally construed in favor of the party opposing the motion. *Purity Cheese Co. v. Frank Ryser Co.*, 7 Cir., 153 F.2d 88; *Wittlin v. Giacalone*, 81 U.S. App.D.C. 20, 154 F.2d 20. Moreover, the court is required to take the view most favorable to the party opposing the motion, giving that party the benefit of all favorable inferences that may be drawn from the evidence.'
>
> Although Presform persistently has relied on its factual allegations on the merits of its claims, it has been unable to demonstrate a genuine issue as to material fact relevant to the limitations defense, the basis on which the actions were dismissed by the District Court. Following the mandate of *McHenry*, we, therefore, conclude that the District Court properly disposed of these cases by means of summary judgment for the appellees." (A. 16, 17)

In view of the express consideration by the Court of Appeals of the allegedly overlooked law in the Court below, it is submitted that no question for consideration by this Court is presented.

The above noted persistent reliance on the merits of its claims as pointed out by the Court of Appeals, which has also permeated Petitioner's Reasons for Granting the Writ, should not be permitted to color the questions herein presented. In this respect, it is significant that these contentions on the merits were considered by the Court of Appeals for the Sixth Circuit in Petitioner's Motion for Recall of Mandate and Leave to File Bill of Review in the *Presform v. Sun* litigation which was denied (A. 42, 43) and again in the subsequent Petition for Re-hearing which was also denied (A. 41).

THIRD QUESTION: This question and the argument presented in support of it are indeed peculiar. First, the pending patent application which is the document referred to was not of record in either of the courts below nor was any attempt ever made to place the subject document in the record of this case. Therefore, not surprisingly, the Court below did not decide the question of whether "a plaintiff [is] barred by the statute of limitation for failing to locate statutorily privileged documents" (P. 14) and necessarily could not have erroneously so held. The essence of this argument appears to be that Presform was without knowledge of a pending U.S. patent application owned by Respondent Sun and maintained in secrecy pursuant to 35 U.S.C. § 122. The document allegedly demonstrates that Respondent Sun was aware of substantial non-infringing uses for the Presform machinery which would have made the 1960 injunction improper. In a factual sense, the only document of record bearing on this question is a letter by Presform's attorney written in 1960 which demonstrates that Presform already had knowledge of non-infringing uses at that time (Addendum I hereto). Since Petitioner was aware of and asserting the pertinent information contained in the secret document, it is difficult to see how Petitioner could be prejudiced now or at any time in the past by a lack of access to the statutorily secret document. Thus Petitioner was understandably unable to allege or otherwise demonstrate in the context of a fraudulent concealment that it had exercised "due diligence in attempting to discover the cause of action" or that there was otherwise "more than ignorance on the part of Presform of its rights" (A. 14), as was pointed out by the Court of Appeals in summarizing the District Court's action and indicating that such was insufficient as a matter of law to overcome the statute of limitations defense (A. 14 and n. 5).

It is submitted that this question being based upon facts directly contrary to the record and being immaterial to the legal result herein is not appropriate for consideration by this Court.

FOURTH QUESTION: In this question and the related discussion Petitioner criticizes the Court below for "judicial speculation as to facts not in the record before them and resolutions of inferences from such extrapolations in favor of the movant" (P. 15). Since it is abundantly clear that the specifications cited in support of this charge are totally without significance in respect to the various findings made by the Court below and would not in any way affect the decision herein, a review of this question by this Court is markedly inappropriate.

First, Petitioner asserts that the Court speculated that Petitioner may have ceased business prior to July 3, 1964, the day four years prior to the filing of the complaints herein. In support of Petitioner's contentions that some damages may have been incurred after July 3, 1964, the District Court noted that Presform was unable to make affidavit or other proof that it was in business after July 3, 1964, or more particularly in the rotational casting machinery business such that it could have suffered damage in the context of the complaints herein. However, the Court went on to expressly note that even if this fact were properly demonstrated by affidavit or otherwise, additional factors which were not established would need to be demonstrated to defeat operation of the statute of limitations (A. 33-34 and 39-40). Thus, the decisions below did not turn on establishing this date since Petitioner's demonstration was otherwise deficient in establishing a position in this respect.

The only other specification of speculation or extrapolation for which Petitioner criticizes the Court of Ap-

peals is the statement that "evidence has faded and witnesses may have disappeared" (A. 14). Initially, it must be recognized that this statement was made in a summary context prior to an indication that the dismissal of these actions was consistent with the purpose of a statute of limitations. The particular sentence in question is an obvious paraphrasing by the Court of Appeals of an earlier quotation in its opinion from this Court's decision in *Order of Railroad Telegraphers v. Railway Express Agency, Inc.*, 321 U.S. 342, 348-349 (1944), as follows:

> "As the Supreme Court stated in *Order of Railroad Telegraphers v. Railway Express Agency,* 321 U.S. 342, 348-49 (1944), statutory limitation periods are:
>
> > '. . . designed to promote justice by preventing surprises through the revival of claims that have been allowed to slumber until evidence has been lost, *memories have faded, and witnesses have disappeared.* The theory is that even if one has a just claim it is unjust not to put the adversary on notice to defend within the period of limitation and that the right to be free of stale claims in time comes to prevail over the right to prosecute them.' " (Emphasis added) (A. 11)

Since the Court of Appeals was quite obviously stating the inevitable with respect to evidence and witnesses concerning operative facts dating back in excess of twenty years and since the technical correctness is only one factor in establishing whether the policy of a statute of limitations is being subverted and does not affect the actual operation of the statute under the facts herein, it is not seen that this purported question rises even to a specious status.

FIFTH QUESTION: Since the collateral estoppel holding is an alternative disposition extending only to the Respondent Sun in the '488 case to which McNeil is not a party, McNeil does not address itself to this question.

CONCLUSION

Since the four questions posed with respect to the dismissal of these cases as to Respondent McNeil have been demonstrated to be moot, hypothetical or abstract as not based upon facts of record, and/or not decided by the Court below, a review by this Court is inappropriate and unnecessary. The questions necessary to the disposition of these cases were carefully and thoroughly considered and decided in the District Court. The Sixth Circuit review was equally comprehensive.

In view of the absence of a substantively reviewable question, a conflict of decisions, or a significance which exceeds the interests of the parties to this action, the Petition For Writ of Certiorari should be denied.

Respectfully submitted,

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ADDENDUM I TO BRIEF

Appendix Exhibit No. 17 to the Exhibits of Appendix of the Record in the Court of Appeals for the Sixth Circuit.

OLDHAM & OLDHAM
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Akron 8, Ohio

June 29, 1960

E. R. Hamilton, Esq.
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Dear Mr. Hamilton:

In furtherance to our verbal discussions looking towards settlement, we know that both Sun Rubber and Akron Presform will encounter extensive time, uncertainties, delay and expense in a hard fought accounting. From what we can find in the established authorities there appears to be little or no law on many of the problems that will be encountered in any thoroughgoing accounting with our set of facts. We as attorneys probably owe a duty to our clients to settle what could be a very vexatious accounting.

A few of the difficult facts, and some of the established law include the following:

1. There has been no infringement of Martin and Rekettye. The Miller machine is free and clear. How far can any court or master go, damage-wise, in holding the sale of these free machines to be damaging to plaintiff?

2. Did plaintiff itself have machines available for sale which it could not sell because of the sale of the Miller machines? Did other companies have machines available for sale?

3. Did the sale of the Miller machines actually damage Sun Rubber or did it help Sun Rubber in getting its process performed efficiently? Can Sun Rubber prove the difficult matter of damages?

4. It is well settled that there can be contributory infringement only if there is direct infringement. The only direct infringement proven is that of the Miller machines used at National Latex. Does Sun Rubber have to prove direct infringement by purchasers of Miller machines? How can this be done without the customers having to be sued and having their day in court?

5. A number of the Miller machines were sold out of the United States, others for use with non-infringing materials. The use of a machine may change from day to day. and Akron Presform has no control over such use.

Summarizing, it would appear that both parties might well benefit from an exploration of settlement in an effort to dispose of the matter on a reasonable basis based on a percentage of the price of the machines. Do you want to talk further on this basis? If so, might I suggest the matter might well be expedited if from the beginning the principals of the parties were brought into conference along with their lawyers.

Very truly yours,

OLDHAM & OLDHAM
By A. H. OLDHAM

AHO/mac

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Supreme Court of the United States

OCTOBER TERM, 1974

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McNEIL CORPORATION and Sun Corporation;
THE B. F. GOODRICH COMPANY and
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Respondents.

PETITIONER'S SUPPLEMENTAL AND REPLY BRIEF
In Support Of
PETITION FOR WRIT OF CERTIORARI
To the United States Court of Appeals
For the Sixth Circuit

SUPPLEMENT TO PETITION

The brief in opposition of respondent McNeil Corporation ("McNeil") concludes with a contention that this petition for review of the combined decision of the Court of Appeals for the Sixth Circuit below [496 F.2d 230 (1974)] is devoid of any ". . . substantively reviewable question, a conflict [restriction] of decisions [of this Court and other Federal Courts of Appeal] or a significance which exceeds the interests of parties to this action . . ." (McNeil Br. p. 16). The brief in opposition of respondent Sun Corporation ("Sun") paraphrases this conclusion

(Sun Br. p. 15) and the tenor of this contention is expressed at the outset of the brief in opposition of respondent The B. F. Goodrich Company ("Goodrich").

The independent editorial staff of a widely circulated weekly commentary in the field of patent law and anti-trust law relating thereto has deemed otherwise, especially with respect to the contention that the decision below affects only the interests of parties in this action.

As "—other intervening matter not available at the time of his [petitioner's] last filing" [Rule 24(5)], the Court's attention is called to the addendum of this brief reprinting an abstract of this petition on page A-13 of the Bureau of National Affairs' *Patent, Trademark & Copyright Journal* for the week of September 19, 1974.[1] As a matter of general interest in the fields of patent and related anti-trust law, three of the questions presented for review by petitioner ("Presform") are abstracted, namely (i) the exclusion from *Walker Process Equip. Co. v. Food Mach. & Chem. Corp.*, 382 U.S. 172 (1965) of conspiracies to effect fraudulent maintenance of a patent dominating relevant markets, (ii) the exclusion from the sweep of *Zenith Radio Corp. v. Hazeltine Research Corp.*, 401 U.S. 321 (1971) of those cases where the very existence of a cause of action for anti-trust law violation, as distinguished from its consequent anti-trust law damages,

[1] The Court and respondents may rest assured that neither petitioner nor its attorney or other representative in any way called attention of this publisher or any personnel connected with it to the filing of, or intention to file, this petition or would pretend to have any direct or indirect influence upon the editorial judgment of its staff as to what it might or might not elect to publish as "News and Comments". Further, this *Journal* regularly reports as newsworthy the *granting* of petitions for certiorari relating to patents, trademarks, copyrights, trade-secrets, and anti-trust law cases affecting these fields. However, a search of recent indices of this commentary reveals no other publication of an abstract of such a petition merely *filed* for certiorari and awaiting action by the Court during this term.

is speculative, and (iii) the abuse of 35 U.S.C. 122 to withhold information that would establish an absence of contributory infringement under 35 U.S.C. 271(c).

REPLIES

The three respondents present divergent arguments in opposition to this petition, with those of McNeil largely overlapping those of Sun. Confining, as required by Rule 24(4), this reply to the opposing arguments which are in addition to mere dispute of the reasons advanced in support of this petition, Presform replies to respondents in alphabetic order, as follows:

1. GOODRICH.

One might infer from the opposing brief of Goodrich that, in lieu of and prior to any answer to Presform's complaints filed July 3, 1968, for an award of damages and injunctive relief against Goodrich arising from its alleged co-conspiracies to violate the anti-trust laws,[2] Goodrich's motions eventually filed on July 15, 1971 to dismiss under the statute of limitation [15 U.S.C. 15(b)] were supported by affidavits which disputed all the factual allegations of Presform's complaint as summarized in the decisions of the Courts below.[3] Any such inference would be incorrect.[4]

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[2] Northern District of Ohio, CA 68-488 *Presform v. Goodrich and Sun;* CA 68-489, *Presform v. Goodrich, McNeil, and Sun.*

[3] Petition appendix, A9-A10 (Court of Appeals); A18-A19 and A35-A36 (District Court). As the record will show, however, all these summaries of undisputed factual allegation in all of Presform's complaints omit any reference to Presform's prayers for injunctive relief against continuation of the alleged conspiracies; such overlooked prayers in each Presform complaint, in the light of the absence of any affirmative affidavit submitted on behalf of respondent that the alleged conspiracies had never been

(Footnote continued on following page)

From this inaccurately inferred premise, the thrust of Goodrich's argument in opposition to this petition (Goodrich Br. pp. 3-7) is that, although neither Court below specifically cited the rule, their results were correct under the 1963 amendment to Rule 56(e), Federal Rules of Civil Procedure added to overturn a line of Third Circuit decisions that "well pleaded" allegations were immune from attack by affidavit only. (See Advisory Committee notes on 1963 amendment to Rule 56(e), 28 U.S.C.A., Rule 56). These two sentences added in 1963 are:

> "When a motion for summary judgment is made and *supported as provided by this rule,* an adverse party may not rest upon mere allegations or denials of his

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(Continued from previous page)

entered into or had terminated more than four years before July 3, 1968, were, of course, inconsistent with any conclusion that the last overt acts of the conspiracies were more than four years old when Presform filed its complaints in 1968.

[4] As the record will show, Goodrich, in support of its motions to dismiss the District Court actions C68-488 and C68-489 as barred by 15 U.S.C. 15 (b), filed only in the latter an affidavit of Harry B. Warner, president of B. F. Goodrich Chemical Co. in 1961-2. This Warner affidavit merely fixes June 23, 1961, as the date of his meeting in Goodrich offices with representatives of Sun and Ideal Toy Corporation relative to Ideal's taking a license under Sun's Molitor patent. Warner's affidavit in no way denied either the earlier and still continuing Goodrich-Sun deal alleged in C68-488 or, as alleged in C68-489, that McNeil was also represented at that 1961 meeting in Goodrich's offices. Nor does the Warner affidavit deny that meeting, as alleged in C68-489, was the genesis of the Goodrich-McNeil-Sun conspiracy to terrorize the doll industry and suppliers to it of plastics and plastic processing machinery who were competitors of Goodrich (plastics) and McNeil (machinery) by broad-side threats to the entire industry to enforce Sun's Molitor process patent—as *commenced,* in Sun's name only, by letters of December 22, 1961 (Petition Appendix A36). Simple "Shepardizing" of this Molitor patent, No. 2,629,134, establishes that these were no idle threats to the industries affected; at least two publicized suits followed, *Sun v. Horsman Doll, Inc.,* U.S.D.C., E.D. So. Carolina, No. AC 902 (settled by consent decree in July, 1966) and *Sun v. Mattel, Inc.,* U.S.D.C. C.D. California, No. 63-1307FW, still pending at the time of filing Presform's complaints below on July 3, 1968.

> pleading, but his response, by affidavit *or as otherwise provided in this rule,* must set forth specific facts showing that there is a genuine issue for trial. If he does not so respond, summary judgment, *if appropriate,* shall be entered against him." (Emphasis supplied.)

In short, Goodrich contends that, having filed its inconclusive and basically non-contradictory Warner affidavit (See n. 4 above), the undisputed factual allegations of Presform's 1968 complaints were meaningless and, instead, it therefore became Presform's obligation to support by affidavit the allegations of its 1968 complaints against Goodrich which had not been pierced by Goodrich's Warner affidavit or otherwise put in issue by Goodrich in 1971.

This position of Goodrich that its 1971 motion was automatically entitled to be sustained because Presform did not file affidavits supporting the factual allegations of Presform's 1968 complaints not challenged by Goodrich necessarily requires the further erroneous assumption that somehow the 1963 addition to Rule 56(e), F.R.C.P. repealed the continuing provision of the preceding subsection of the same rule stating:

> "*(c) Motion and Proceedings Thereon.* The motion [for summary judgment] shall be served at least 10 days before the time fixed for hearing. The adverse party prior to the day of hearing *may* serve opposing affidavits. The judgment shall be rendered forthwith *if the pleadings,* depositions, answers to interrogatories, and admissions *on file, together with the affidavits, if any,* show there is no genuine issue as to *any material fact* and that the moving party is entitled to a judgment as a matter of law. A summary judgment may be rendered on the issue of lia-

bility alone although there is a genuine issue as to the amount of damages."[5] (Emphasis supplied.)

Goodrich's position also requires that the 1963 amendment of Rule 56(e), F.R.C.P., was correctly followed by the Courts below as an effective repeal of the provisions of Rule 8, F.R.C.P., "General Rules of Pleading" applicable to the unanswered complaints below, namely:

> "*(d) Effect of Failure to Deny.* Averments in a pleading to which a responsive pleading is required, other than those as to amount of damage, *are admitted when not denied* in the responsive pleading.****
>
> "*(f) Construction of Pleadings.* All pleadings shall be so construed as to do substantial justice." (Emphasis supplied.)

In support of its reliance on the 1963 amendment of Rule 56(e), Goodrich (Br. p. 5-7) quotes at length from selected passages in MOORE'S FEDERAL PRACTICE (Second Ed.) and in *International Longshoremen's & Warehousemen's U. v. Kuntz,* 334 F.2d 165 (9th Cir., 1964).

That Goodrich's heavy reliance upon Rule 56(e) is untenable is clear from the Notes of the Advisory Committee on the 1963 amendment of Rule 56(e); (see 28 U.S.C.A., F.R.C.P. 52-58, p. 416):

> "The amendment [of Rule 56(e)] is not intended to derogate from the solemnity of the pleadings. ****

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[5] Goodrich (Br. p. 12) even chides Presform for not having supplied in 1971 an opposing affidavit proving the amount of its damages claimed in order to restore Presform to its former competitive position after it had, as alleged in C68-489, been eventually and finally forced to close its doors by the ultimate effects, as a *coup de grace,* of the Goodrich-McNeil-Sun conspiracy following the earlier Goodrich-Sun (C68-488) and McNeil-Sun (C68-487) conspiracies, all first brought to light, as far as Presform was concerned, by the 1967-68 decision of the New York District Court in *Barr v. Sun,* 277 F. Supp. 484 (1967); 156 U.S.P.Q. 392 (1968) and the record therein as it affected Presform. Neither Rule 56(c) nor (e) indicates any requirement for departure from the preferred practice of deferring proof of the amount of damage until after the right to them has been established; see *Sinclair Rfg. Co. v. Jenkins Co.* 289 U.S. 689, 694 (1933, Cardozo, J.)

> "Nor is the amendment designed to affect the ordinary standards applicable to the summary judgment motion. So, for example,***where the evidentiary matter in support of the motion does not establish *the absence of* a genuine issue, *summary judgment must be denied, even if no opposing evidentiary matter is presented.*" (Emphasis supplied.)

And rather than rely on the Ninth Circuit's 1964 decision in *Longshoremen's* and its selected passages from MOORE'S FEDERAL PRACTICE, Goodrich should have noted and been guided by that Circuit's succinct later statement of the burden of proof (conflicting squarely with the position of the Courts below) under Rule 56(e) as amended in 1963 in a case procedurally identical with the cases below, i.e., where the affidavits of the defendants in a motion for summary judgment failed to meet all the factual allegations of the complaint. See *Island Equipment Land Co. v. Guam Economic Dev. Authority,* 474 F.2d 753, 756 (9th Cir., 1973):

> "Since appellees failed to demonstrate the absence of any material issue of fact, appellants were not obliged to file counter-affidavits. 'Where the evidentiary matter in support of the motion does not establish the absence of a genuine issue, summary judgment must be denied even if no opposing evidentiary matter is presented.' Advisory Note of 1963 to Subdivision (e), Rule 56, quoted in 6 Moore's Federal Practice 2823; *see* Byrnes v. Mutual Life Insurance Co., 217 F.2d 497, 501 (9th Cir. 1954)."

The balance of the Goodrich brief amounts to no more than contentions:

(i) That—contrary to *Island Equipment*—the principle of *Poller v. Columbia Broadcasting System, Inc., et al.,* 368 U.S. 464, 468 and 473 (1962) that a court is required to take the view most favorable to the party opposing sum-

mary judgment, giving that party the benefit of all favorable inferences, is inapposite here because counter-affidavits, depositions, and exhibits were on file in *Poller;* the same principle announced in *McHenry v. Ford Motor Co.,* 269 F.2d 18, 22 (6th Cir., 1959) is inapposite here because *McHenry* was decided before the 1963 amendment of Rule 56(e), F.R.C.P., and the Third Circuit really only held in *Ransburg Electro-coating Corp. v. Lansdale Finishers, Inc.,* 484 F.2d 1037 (3d Cir., 1973) the record for a valid summary judgment must disclose no genuine issue of material fact, not that the absence of such issues warranting summary judgment as a matter of law must

> ". . . be proved affirmatively by the party invoking the conclusive force of the judgment." (3rd Cir. at 484 F.2d, 1038).

(ii) That, regardless of whether the insufficiency of the anti-trust claims of Barr Rubber Products would and, as alleged by Presform, did work direct damage under the anti-trust laws on Presform, as the facts theretofore concealed from Presform were uncovered to Presform in 1967-68 in the ineradicable record in *Barr v. Sun,* somehow the Second Circuit's reversal in *Barr v. Sun,* 425 F.2d 1114 (1970) of its District Court's finding of fraud and perjury on the part of Sun in the trial before it on matters *extra* the factual allegations in the complaints below, nonetheless ought to redound *in rem* to Goodrich's benefit, even though neither Goodrich nor Presform were parties to the *Barr v. Sun* litigation. From this premise which the District Court below could not accept (Petition App. A24-A25; A36-A37) and which refusal the Court of Appeals did not alter, Goodrich jumps to the equally untenable conclusion that the Courts below properly applied *Walker Process Equip. Co. v. Food Mach. & Chem. Corp.,* 382 U.S. 172 (1965) and *Zenith Radio Corp. v. Hazeltine Research, Inc.,* 401 U.S. 321 (1971).

2. McNEIL.

McNeil's brief in opposition commences with a "Statement" acknowledging that conspiracies alleged below stem from exploitation of Sun's Molitor patent, No. 2,629,134, which expired February 24, 1970. The statement continues, "Since 1970, however, the licensees [under that patent "At a time past . . . of some significance in the plastics molding industry"] no longer pay royalties, all litigation matters except this action have been disposed of and the former significance of the Molitor patent has diminished to a matter primarily of historical interest" (McNeil Br. p. 2). No such carefully phrased statement will be found in the affidavits submitted in July 1971 in support of the respondent's motion for summary dismissal of the actions below; it begs the questions of how many licensees are still paying royalties under yet unexpired patents which licensees were required to take with their Molitor process patent licenses (even patents originating with the licensees). Most certainly through the stays granted by the Courts below, over Presform's opposition, from July, 1968 to July, 1971 and the suspended litigation until the actions below were dismissed by the District Court below on April 26, 1973 (Petition, App. A18, A30, A35) competition by Presform or other prior plastic machinery manufacturers has not deprived McNeil of its dominance in the industry gained through the alleged unlawful conspiracies to exploit the Molitor patent. Nor does the record disclose when, if ever, there has been an expiration of the undenied self-perpetuating tying agreement alleged in CA 68-488 between Sun and Goodrich whereby, as a consideration for Goodrich's "technical confidence" in overlooking its prior development of the same process at its American Anode subsidiary (Petition Appendix A48-A50; A51), Sun agreed to buy 75% of its resin and plas-

ticizer requirements from Goodrich as a "side deal" to Goodrich's license under the Molitor patent. Until all residual non-competitive conditions arising from such exploitations are corrected and eliminated, the Molitor patent can hardly be relegated, as McNeil would have it, as merely "primarily historical".

In its "Statement" McNeil also relies on the Second Circuit decision in *Barr v. Sun*, although it was not strictly a party[6] and McNeil later appears to disclaim any interest or benefits arising from "collateral estoppel" (McNeil Br. p. 15).

Otherwise, McNeil's opposing brief (pp. 4-15) takes the form of an analysis of Presform's questions presented and McNeil's response to the reasons for granting Presform's petition. As such, it is basically a repetition and paraphrase of the appellate decision below, citing no new facts or additional decisions not basically controverted in Presform's petition or the foregoing reply to Goodrich and, thus, not appropriate for further reply with two exceptions, as follows:

McNeil's mistaken concept of fraudulent concealment of knowledge that Presform did not contributorily infringe under 35 U.S.C. 271(c).

1. *Question Raised Below.* McNeil's first challenge to Presform's contention that fraudulent enforcement against Presform of the injunction against contributory infringement obtained by concealing from the courts in the prior litigation, *National Latex Products Co., et al. v. Sun Rubber Co.*, 174 F.2d 224 (6th Cir., 1959) *reh. den.* 276 F.2d, 167 (1960) *cert. den.* 362 U.S. 989 (1960) con-

[6] At the appellate hearing leading to *Barr v. Sun*, 425 F.2d 1114 (2nd Cir., 1970) McNeil did appear as *"amicus curiae"*.

stituted a continuing overt act that was continuing to damage is that this question was never raised in either of the Courts below. McNeil is mistaken. The record will reveal that Presform appealed from the entire record in all three cases dismissed by the District Court below under Rule 10 (a), F.R.A.P., not by a partial transcript and statements of limited issues under Rule 10(b), F.R.A.P. In its original brief before the Court of Appeals below, commencing at p. 46, is a recital of "overt acts damaging to Presform as of date of complaint (in C 68-487, *Presform v. Sun and McNeil.*)" Presform pointed out the allegation that "to Sun's and McNeil's specific knowledge" which they withheld from the Courts during the prior *National Latex* litigation in 1957-60, there were substantial non-infringing uses for Presform machines that would vitiate the charge that Presform contributorily infringed the Molitor process patent, citing 35 U.S.C. 271(c) and *Aro v. Convertible Top Co.*, 365 U.S. 336 (1961).

2. McNeil's second challenge is that, anyhow, Presform also knew before the *Barr v. Sun* decision that there were substantial non-infringing uses for the Presform machines which would not contributorily infringe the Molitor process patent. In support of this challenge, McNeil reproduces as an addendum to its brief (p. 17-18) a letter from Presform's late attorney, A. H. Oldham, seeking a settlement to avoid extensive and expensive accounting proceedings, in which (Para. 5, p. 18) there is mention among other grounds that there are non-infringing uses for the "Miller" (Presform) machines. This letter is dated June 29, 1960, *after* Presform had exhausted all remedies in the United States District Court for the Northern District of Ohio, the United States Court of Appeals for the Sixth Circuit, and certiorari had been denied in this Court (May 23, 1960, 362 U.S. 989).

This second challenge to the timeliness, under 15 U.S.C. 15(b), of Presform's anti-trust claim for a continuing overt act in fraudulently maintaining a patent is an error of fact and law. Whether Presform knew of such non-infringing uses for its machines before or after its "day in Court" and might, during that "day," have asserted them as a defense or even a permissive counterclaim is irrelevant. The factual fraud in maintenance of the Molitor process patent Presform was adjudicated to have contributorily infringed and thereby squeezed from the then major market for the machines lay in Sun's and McNeil's concealment of that knowledge and fact which would have vitiated the adjudication while ruthlessly pressing for an adjudication and the injunction that was still operative and in force when Presform filed its claim for damages in 1968 after Sun's and McNeil's own specific knowledge prior to 1960 came to light in the 1967-68 *Barr v. Sun* suit. The error in law of this challenge by McNeil was expressed by this Court in *Mercoid Corp. v. Mid-Continent Co.*, 320 U.S. 661, 671 (1944) as follows:

> Though Mercoid were barred in the present case from asserting any defense which might have been interposed in the earlier litigation, it would not follow that its counterclaim for damages would likewise be barred. That claim for damages is more than a defense; it is a separate statutory cause of action. The fact that it might have been asserted as a counterclaim in the prior suit by reason of Rule 13 (b) of the Rules of Civil Procedure does not mean that the failure to do so renders the prior judgment *res judicata* as respects it. *Virginia-Carolina Chemical Co. v. Kirven*, 215 U.S. 252; *Larsen v. Northland Transportation Co.*, 292 U.S. 20. And see Scott, Collateral Estoppel by Judgment, 56 Harv. L. Rev. 1, 26-28; Restatement of the Law of Judgments, § 58. The case is then governed by the principle that where the second cause

of action between the parties is upon a different claim the prior judgment is *res judicata* not as to issues which might have been tendered but "only as to those matters in issue or points controverted, upon the determination of which the finding or verdict was rendered." *Cromwell v. County of Sac*, 94 U.S. 351, 353. And see *Russell v. Place*, 94 U.S. 606.

3. SUN.

As indicated at the outset of this reply, Sun's brief in opposition is overlapped by McNeil's and otherwise met by the reply to Goodrich. Sun, as McNeil, also relies on Presform's late attorney's letter of June 29, 1960, as its major prop and is faulty for the same reasons in fact and in law under *Mercoid*.

CONCLUSION

It is respectfully submitted that rather than supporting the respondent's contentions that the combined decision below presents no conflict with decisions of this Court and other circuits, the opposing briefs, when analyzed, emphasize the validity of the questions presented by petitioner, the conflicts which should be resolved, and the need for issuing a writ of certiorari in this case.

Respectfully submitted,

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ADDENDUM

BNA's Patent, Trademark & Copyright Journal for September 19, 1974 (No. 195), p. A-13

NEWS & COMMENT

SUPREME COURT CALLED UPON TO REVIEW PATENT-ANTITRUST CASE

Claiming that it was falsely adjudicated a contributory infringer as a result of a patentee's fraudulent acts, a petitioner asks the Supreme Court to set aside a Sixth Circuit ruling that its antitrust actions are time-barred. (Akron Presform Mold Co. v. McNeil Corp., No. 74-207, 8/30/74)

The petitioner filed a number of antitrust suits in Ohio when the patent it had been enjoined from infringing was declared invalid (on fraud grounds) by the U.S. District Court of Southern New York. The Second Circuit however, subsequently overturned the district court's findings.

The U.S. District Court for Northern Ohio dismissed the petitioner's antitrust suits as time-barred and the Sixth Circuit affirmed. 496 F.2d 230, ——— USPQ ——— (CA6 1974). The court of appeals held that the alleged conspiracies complained of by the petitioner began more than four years prior to the time the complaints were filed, and that the delay in filing suit could not be excused: "Walker [Process, 382 U.S. 172, 147 USPQ 404 (1065)] says nothing about conspiracy claims, which are alleged in each of [petitioner's] three actions, and thus plainly does not excuse [petitioner's] delay in bringing its conspiracy charges." Zenith Radio Corp. v. Hazeltine Research, Inc., 401 U.S. 321 (1971), "tolls the statute of limitations where *damages* are speculative, not where the very existence of the *cause of action* is speculative."

The petitioner, however, argues that it did not sleep on its rights. Only after the Southern District of New York made its fraud and perjury findings was there full recognition of the wrong that had allegedly been done. Thus, notwithstanding the Second Circuit's reversal, the suits were timely. The petitioner also charges that 35 U.S.C. § 122 (providing for secrecy of patent applications) was an instrument of fraud in this case because it allowed the withholding of information that could have established noninfringement.